MARKETING COMPETENCY AND PERFORMANCE OF TWO MEDIUM SIZED RETAIL OUTLETS IN ZARIA

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ABSTRACT
This exploratory study sought to find out the marketing competencies of two retail firms in Zaria that adopted a modern approach in their retail format. The two firms therefore had advantages over their local competitors from the onset but by identifying the extent of their marketing competency factors the study was trying to establish a raison-d’être for the new formats. A sample of customers were asked to indicate the existence or otherwise of 14 marketing competency factors adopted from the literature for the two firms. It was found that it was a mix bag for both firms as they excelled in some but were poor in others. This suggests a less than well rounded marketing strategy for the firms and consequently a sub-optimal performance and returns on investment. Student’s t-test was used to test the hypothesis. Even though they outperformed their competitors in terms of patronage, the two firms could do better and it was recommended that the management of the two firms strive to improve on those marketing competency factors that their customers thought they were doing poorly.

Key words: marketing competency, retailing, restaurant, retail mix.

INTRODUCTION
Retail firms abound wherever human settlements are found, including Zaria city. But the retail horizon of Zaria is characterized by a retail format that is prevalent in the third world. This is the small, individually owned and managed store, the size of a small room. These small shops are typical of market all outlets in Nigeria and indeed all developing nations. These are found along the major roads, in street corners and in the markets. The limitations of these outlets are easily seen when compared with the advantages of modern retail formats like supermarkets, department stores and discount shops. These modern outlets for example, can boast of such store characteristics as convenience, depth and breadth of assortment, pricing strategies like Every Day Low Price (EDLP) and other ambient conditions within the store like air quality, music and store layout. Studies have shown that customers relish in these features and hence the phenomenal growth recorded by outlets that have adopted them. In Saudi Arabia, a country that is fast changing its retail format, an estimated 40% of customers’ total food needs are obtained through supermarkets (Alrasheed et al 2004). This makes supermarkets to be among the fastest growing sectors in the Saudi retail market. A situation like this clearly indicates that the retail sector in developing countries is responding to the changing demands of their consumers. The West has successfully tackled this retail phenomenon through research and investments that led to the adoption of several formats.
There have been attempts in the Nigerian retail sector towards modernising through the establishment of such new and modern outlets but with several falling by the wayside. Leventis Superstores, Kingsway Stores and Chellarams were such examples of modern stores that had branches across the nation established in the sixties but failed within the last twenty years. These were all foreign owned. However there were others like Rafukka Stores in Katsina and Don Iyali Store in Kaduna, both established in the seventies, which successfully adopted the Supermarket format but also collapsed after about ten years of operation.

Perhaps as a result of the limitations of the small stores and a genuine demand of the environment, the two selected retail outfits for this study have all adopted the modern method of retailing. They are among the thousands of retail outlets in Zaria metropolis to adopt modern techniques in their sectors and have both been in existence for more than ten years. These are the Shagalinku restaurant and Banadeen stores, and they are all located in Tudun Wada area of Zaria.

STATEMENT OF THE PROBLEM
The retail sector is one of the largest employers of labour in any country and this is evident from the myriad of shops and stores found all over. The market these retailers serve is also huge and therefore lends itself to an avalanche of circumstances and problems that can be researched into. These circumstances and problems appear to inhibit the ability of the players to optimize sales and profits and consequently prevent customers from maximising consumption (Abubakar 2002). Most of the retailers in the area under study (and indeed in Nigeria) operate from small stores that are crammed full of small assortment of goods. Such these outlets range in size from Kiosks to stores no bigger than a small bedroom. They are mostly manned by a single attendant and owned by a single proprietor. In such a retail situation the consumers can not examine a particular wanted good freely without calling the attention of the attendant. And where this attention is needed by multiple consumers, customers are forced to wait-on-end for their turn.

The above scenario would ordinarily require retailers to have a rethink in their service delivery method. Hence a new retail format is overdue and so far various attempts have been made by individuals and corporate bodies to establish modern outlets with varying success levels.

In the restaurant business the story is the same. Customers are forced to make do with poor menus that they must eat inside crappy, unhygienic environments.

The two selected retail outlets indeed can be considered to represent the long awaited new retail formats both in terms of size or square footage and also in terms of the mode of delivery.

The question still remains, whether these new formats represent what the consumers actually need. In order to clearly understand this, a study needs to be carried out to determine the success or other wise of these new outlets using various parameters. Moreover since small retail outlets operations dominate the market these two medium sized modern retail organisations need to be aware of the competitive marketing competencies that could influence the level of their business performance.

OBJECTIVES OF THE STUDY
The objective of the study was to examine these two local retail outlets (Banadeen and Shagalinku) using various marketing parameters that would reveal their adoption or otherwise of marketing concept in their retailing activities. Such adoption should ordinarily
impact performance. The study sought to find out whether their marketing competency was responsible for their obvious success in terms of patronage as observed in customer traffic. The study would use the best objective methods where possible and also rely on the assessment of their customers. Thus where available the financial records of the two organisations would be used in addition to other criteria that would reveal performance and marketing practices. Also, since the small retail stores dominate the retail scene in Zaria it will be useful to determine whether these two medium sized outlets use competitive marketing advantages that their formats confer on them to influence the level of their performances. A t-test was used to examine differences between observed and expected values for the two samples.

**Hypothesis**

The hypothesis formulated for this study was as follows:

**H₀** There is no significant difference between Shagalinku restaurant and Banadeen stores in market competency.

**METHODOLOGY**

This study was a survey of two medium sized independent retailers that were both established in the early seventies in Zaria. One is a restaurant that sells food and drinks and the other is a retail store that sells physical consumer goods. These two retail outlets are located in the vicinity of two tertiary institutions: Kongo Campus of Ahmadu Bello University, and the Federal College of Education Zaria. These two schools initially provided the bulk of the customers for these outlets and have a combined population that runs in to thousands of students. The other customers include sundry individuals and households in the surrounding Gyellesu community and Zaria at large. There were also visitors to Zaria and those in transit from other places who also patronize these outlets. The student population in particular possess a huge spending power that swings with the school semesters. It would appear that these shops were all located as a direct result of the two tertiary institutions in the area. A convenience sample of 100 customers was used to conduct the survey. The decision to select these two shops was first informed by their proximity and also by their singular attempt to respond to the challenge of retail modernisation in the area.

A set of questionnaire was administered on customers of the two retail outlets on the point of their departure from the outlets. The questions captured the perceived marketing competencies of the two outlets in question. This questionnaire asked the respondents to indicate whether the outlets in question possessed certain attributes regarding marketing competencies. The respondents were to indicate a yes or no response for each of the two outlets. These statements were adapted from previous studies and represented several dimensions of marketing concept in retailing practices. The questions were therefore designed to determine the adoption of marketing concept of the stores in question. The data collected was analyzed using frequency tables and percentages. Independent sample t-test was also used to test the significance of the mean of the two samples based on the aggregate responses for each variable. The “yes” responses for each variable were added up to give the aggregate used to conduct the test.

Personal interview was conducted on the staff of the two firms to corroborate historical and other information.

**SHAGALINKU RESTAURANT**

This modern style restaurant was established in the early 1970’s by one Alhaji Ummaru Sokoto and his
lady partner, Talatu, now deceased. The two had noted the high purchasing power of and demand for high quality food by students of the two higher institutions in the vicinity and Zaria in general. According to one insider, the two partners used borrowed money and two rented shops, and then came up with standard recipes and a range of menu that became an instant success. Within a year they moved the restaurant to a nearby big house that had a large compound and several rooms that were easily fitted to accommodate more customers. Soon word spread about the good meals served and weekend visitors to Zaria and those in transit thronged the place. The restaurant remained in that house for more than a decade, offering dishes and variety of soft drinks. Within that time they bought three old houses along the street, demolished them and built a one storey modern structure for the restaurant. The interior decoration was fitted with aluminium doors and windows, wood panelling, wall to wall carpeting and fancy lightening. They dressed up the stewards and the transformation was thus complete. All these gave the restaurant a brand new image which more than made up for their lack of advertisement. And customers from far and near rushed to have a feel of the restaurant and taste the meals. The success of the restaurant was really phenomenal and this was evidenced by the crowded parking lot on week days but especially on weekends.

The restaurant still boasts of a crowded parking lot which goes to show that their dishes are still highly regarded by customers. Perhaps as a result of this new branches were recently opened in Abuja (in 2004) and Kaduna (in 2008) with the same success story.

**BANADEEN STORES**

Alhaji Bashir Ahmed, a well known Zaria merchant, is the prime mover of Banadeen stores. His businesses cut across several sectors including oil and transport. According to one insider who wished to remain anonymous, soon after establishing the retail store he (Alhaji Bashir) ingenuously coined the name “Banadeen” by combining the first two letters in the names of his family members. The store was established in the early 1970’s with the sole aim of providing a nice and befitting atmosphere for students and elites to shop. He too had noted the purchasing power of students and other highly paid workers in the nearby higher institutions and thought it wise to provide for them a supermarket style retail format that stocked high quality products of both local and foreign origin. The store was an instant success especially among the female students who made a habit of dragging their boyfriends there. The elites of the community also took pride in shopping there in order to escape the hassles at the market place and equally avail themselves of foreign goods. The store maintained its success for quite a long time. However observers had noted the gradual decline of the shop and the ominous signs of decay both in terms of merchandise acquisition and customer patronage. This has been attributed by observers to the alleged withdrawal of the prime mover and some of the key staff. Alhaji Bashir was said to have handed over the shop to his two sons and this must have affected product acquisition and management of the store negatively. Customers still patronize the shop but with majority coming from the student population of the two campuses along the road. The store stands out among its competitors like a giant tree in low bushes.
STUDY POPULATION AND SAMPLE

The population for this study comprise of all the customers of the two retail outlets and a quota sample of 100 was deemed adequate. The determination of the sample size is a result of the practice in similar studies of small retail outlets in the literature.

SAMPLING AND DATA COLLECTION

The entire customers of the two outlets represent the population of this study. A careful observation of existing customers showed males to dominate the customer base of the two outlets. However, a quota sampling for each had to be determined so as to make the data less unwieldy. For each of the two retail outlets a total of fifty respondents were intercepted and the questionnaire was administered on them. This gives a total sample of one hundred respondents. These were all approached on the premises of the outlets as they exited with their shopping bags and politely asked to participate in the research. The third person was always targeted and approached. The response rate was high as many of them agreed to fill the questionnaire straight away.

LITERATURE REVIEW

Retail firms compete with one another in various fronts for capturing more of the market. A firm’s competitive advantage gives the notion of “who you are” in terms of competencies (Aaker, 1992). However, in a competitive environment retail firms need much more than a ready market to succeed. Having the right distinctive marketing competencies for choosing an appropriate strategy enables a firm to successfully create a suitable competitive advantage. This competitive advantage could be the acquired skills of the firm, its set of value adding assets and or its core competencies which are difficult to copy (Conant, Smart and Solano-Mendez, 1993). Therefore creating a fit between competencies and functional strategies not only provides the possibility of a sustainable competitive advantage but can lead to the achievement of high levels of performance. (Day and Wensley, 1988)

Retail literature is replete with research in the area of strategies that can impact upon retail performance, with most of the studies concerned with retail structure, eg Bates (1989), retail positioning e.g. King & Ring (1980), service orientation (Homburg et al 2002) and a range of marketing mix strategies e.g. Walters (1988); Lowson, (2001); Lynch, Keller, & Ozment (2000); Palmer & Markus (2000); Radder (1996). All these studies were carried out with samples and methodologies that would not fit the current study. Little or no study particularly in Nigeria has examined whether or not the marketing competencies possessed by small to medium sized retail organizations can influence their level of business performance.

MARKETING COMPETENCY

Marketing competency refers to the way and manner the firms understand and adopt the marketing concept as perceived by their customers. In order to determine the extent to which the firms possess certain marketing competencies, the respondents were asked to indicate whether the outlet in question possessed them. That is, they will rate the outlets on the possession of 14 important marketing activities adapted from previous study by Aaker (1992). Possession or proficiency in many of these could indicate marketing competency for the firms. The marketing competencies investigated in this study were based on those studies by Conant et al (1993) and Day and Wensley (1988) and also Aacker (1992). These are: Knowledge of current customers, Knowledge of competitors, Knowledge of prospective customers, Segmenting and targeting markets, Good Customer
service. Selecting new products and lines, Good pricing, Good advertising, Store layout and merchandising, Store atmospherics, Good Public Relations, Handling complaints, Store image, Civic Involvement, Aware of strengths, Employee Training, Cleanliness and Hygiene, Store location and Store layout.

**PERFORMANCE**

High level performance is ordinarily understood to refer to a situation where the organisation in question has excelled its competitors in certain key areas. According to Young, Ogunmokun and Winter (2006) for a retail organisation to be classified as an organisation with a high level of performance, its performance must be better than that of its competitors in the following areas:

1. General profitability
2. Total sales growth over the years
3. Return on investment
4. Sales per square metre
5. Overall store performance.
6. Customer traffic

The above would be the most objective method to evaluate the two outlets. However both the outlets are private organisations whose financial records are closely guarded as secret of the owners. In the absence of financial records, information was sought from the owners/key staff of the stores during the interview for all the above.

**RESPONSE RATE**

Largely, because the questionnaires were administered face to face, all of them were returned. Respondents were surveyed on the premises of the two retail outlets Thus 50 questionnaires were returned for each outlet thereby giving a total of 100 completed sheets. These were then used for the analysis. All the respondents were intercepted on the premises of the outlets after they were observed to have actually patronized them.

<table>
<thead>
<tr>
<th>Marketing Competency Attributes</th>
<th>YES</th>
<th>%</th>
<th>NO</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Knowledge of current customers,</td>
<td>18</td>
<td>36</td>
<td>32</td>
<td>64</td>
</tr>
<tr>
<td>2. Knowledge of competitors,</td>
<td>25</td>
<td>50</td>
<td>25</td>
<td>50</td>
</tr>
<tr>
<td>3. Knowledge of prospective customers,</td>
<td>12</td>
<td>24</td>
<td>38</td>
<td>76</td>
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<tr>
<td>4. Good customer service,</td>
<td>10</td>
<td>20</td>
<td>40</td>
<td>80</td>
</tr>
<tr>
<td>5. Frequently acquire new products or menu,</td>
<td>8</td>
<td>16</td>
<td>42</td>
<td>84</td>
</tr>
<tr>
<td>6. Have good pricing,</td>
<td>6</td>
<td>12</td>
<td>44</td>
<td>88</td>
</tr>
<tr>
<td>7. Engage in advertising,</td>
<td>2</td>
<td>4</td>
<td>48</td>
<td>96</td>
</tr>
<tr>
<td>8. Have good store layout,</td>
<td>41</td>
<td>82</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>9. Have assorted merchandise or menu variety,</td>
<td>6</td>
<td>12</td>
<td>44</td>
<td>88</td>
</tr>
<tr>
<td>10. Have nice in-store atmospherics,</td>
<td>45</td>
<td>90</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>11. Possess Good public relations,</td>
<td>2</td>
<td>4</td>
<td>48</td>
<td>96</td>
</tr>
<tr>
<td>12. Handles customer complaints satisfactorily,</td>
<td>8</td>
<td>16</td>
<td>42</td>
<td>84</td>
</tr>
<tr>
<td>13. Have good store image,</td>
<td>21</td>
<td>42</td>
<td>29</td>
<td>58</td>
</tr>
<tr>
<td>14. Have trained employees,</td>
<td>22</td>
<td>44</td>
<td>28</td>
<td>56</td>
</tr>
</tbody>
</table>
The data on the Table 1 above shows the response of the customers of Shagalinku Restaurant on salient marketing attributes. The table shows a mix bag of responses because some items recorded higher scores than others. The highest number was 45 (90 percent) of the respondents who agreed that Shagalinku “Has a nice in-store Atmospherics”. This comes as no surprise since the restaurant indeed has air conditioning inside and a nice layout for tables and other furniture. The interior décor is equally very attractive to customers. Only 10 respondents thought otherwise with regard to this item which goes to show that majority of customers had noted and appreciated the interior environment of Shagalinku restaurant. The next marketing competency with high score was “Has Good Store Layout” which had 41 positive responses or 82%. This also comes as no surprise seeing that the restaurant has different eating areas that are easily accessible by customers. Moreover the furniture arrangement was not tight thereby leaving ample spaces for customers to maneuver around. Only nine respondents or 18% thought otherwise for this item. The next marketing competency to score high was “Knowledge of Competitors”. This had 25 respondents or 50% of the respondents attesting that Shagalinku indeed had knowledge of its customers. The other 50% of the respondents therefore thought Shagalinku does not have any knowledge of its customers and had indicated so by their “No” responses. The next marketing competency asked whether customers thought Shagalinku had trained employees. Responses showed that 22 customers or 44% agreed but 28 of them or 56% disagreed. This means more than half of the customers polled thought Shagalinku had not done enough in the area of training its staff. The next item with a high score asked whether customers agreed that Shagalinku had a good store image. For this 21 respondents or 42% agreed while 29 or 58% disagreed. This means more than half of the customers polled thought Shagalinku had low store image. For the item “Knowledge of Current Customers” 18 of them or 36% said “Yes” while the rest (32 or 64%) said “No”. This means majority of the customers thought Shagalinku had little knowledge of its current customers. For all the other eight remaining marketing competencies a score of less than 30% was indicated by the customers. These are “Knowledge of Prospective Customers” 12 or 24%, “Good Customer Service” 10 respondents or 20%, “Frequently Introduce New Menus” 8 respondents or 16%, “Handles Customer Complaints Satisfactorily” 8 respondents or 16%, “Assorted Menu” with 6 respondents or 12%, “Have Good Prices” with 6 respondents or 12% and “Engage in Advertising” with 2 respondents or 4%, “Possess Good Public Relations” with two respondents or 4%.

From the responses we can deduce that Shagalinku restaurant has a nice in-store atmospherics and a good store lay out. These two coupled with staff training created a good image for the restaurant. In fact these may be the main attractions for customers but the prices were thought to be pretty high by respondents thereby suggesting the place to be only for the rich.
Table 2 shows the responses recorded when the customers were asked to indicate their agreement or disagreement to statements relating to Banadeen Stores. Respondents indicated “Yes” to show their agreement or “No” to show their disagreement. The statements were adapted from the literature and are deemed to be pointers towards marketing competency. The highest score for “Yes” was recorded in two instances: “Frequently Acquire New Products” and “Has a Nice Store Atmospherics”. Both had 37 respondents or 74% indicating agreement to the statements. This means a large majority of the customers believed the store to be current in its product acquisition and had a pleasant atmosphere inside. These two were followed by another two marketing competences that also had a tie in the responses customers gave. These are “Knowledge of Prospective Customers” and “Has Good Store Layout”. Both of these had 32 “Yes” responses or 64% thereby indicating customers’ belief that the management of the store knew their prospective customers and the store was well laid out inside. Another high score was recorded against the statement “Has Assorted Merchandise”. Here half of the respondents agreed and the other half disagreed giving a fifty-fifty tie with 25 respondents or 50% each. The statement “Knowledge of Competitors” had 22 respondents or 44% indicating “Yes”, while for “Knowledge of Current Customers” 21 respondents or 42% said “Yes” and for “Have Good Store Image” statement 20 respondents or 40% said “Yes”. The next statement with a high score for “Yes” was “Have a Good Pricing” where 16 respondents or 32% indicated “Yes”. The rest of the five marketing competences had scores below 30%. These are “Good Customer Services” with 13 respondents or 26%, “Possess Good Public Relations” with 12 respondents or 24%, “Engage in Advertising” with 8 respondents or 16%, “Handles Customer Complaints Satisfactorily” with 7 and “Have Trained Employees” with 6 respondents or 12%.

From the responses we can deduce that new product acquisition, in-store atmospherics and store lay
out appear to be the main attraction to customers for the store. The drawback for the store revolved around lack of staff training and poor customer complain handling.

**COMPARATIVE ANALYSIS**

Both the two firms under study have over the years outperformed their competitors judging by their customer traffic. All the 14 marketing competencies adapted from the literature are deemed important for any successful marketing campaign. The ratings given by the customers could indeed serve as a pointer towards the firms’ level of marketing sophistication. Now if we take an arbitrary cut-off point of 30% positive response as an indication of reasonable existence of these competencies then a new picture start to emerge. This picture can help in our analysis by showing clearly which of the two firms is doing better in these areas and in which particular areas each of the firm performed.

Shagalinku restaurant had scores above 30% in six marketing competencies. These are in the following areas: in-store atmospherics, good store layout, knowledge of competitors, trained employees, good store image and knowledge of current customers. These six items represent less than 50% of the total 14 item marketing competency factors. In all the other 8 items the restaurant was adjudged to have performed poorly by customers. Shagalinku restaurant could therefore be said to have an overall low marketing competency.

Banadeen stores on the other hand, had scores above 30% in 9 out of the 14 marketing competencies. These were in the following areas: new product acquisition, in-store atmospherics, good store layout, assorted merchandise, knowledge of prospective customers, knowledge of competitors, and knowledge of current customers, good store image and good pricing. These 9 items represent 64.2% of the 14 item marketing competency factors. In all the other 5 items the store performed poorly as adjudged by customers. Banadeen stores could therefore be said to have generally performed better than Shagalinku.

An attempt was made to interview the staff of the two firms for information on general performance with a view to linking it with the marketing competencies above. It was however to no avail as the staff refused to divulge such information by saying they had no knowledge of such records. They also declined to give a rough picture of the firms’ level of performance in terms of profits.

**Student’s t-test**

The hypothesis was tested using Independent Sample t-test. The t-test was conducted using SPSS 14 and the decision criteria were arrived at after comparing the calculated and the tabulated values. Where the calculated mean value is less than the tabulated the null hypothesis is rejected in favour of the alternate, and vice-versa. The 5% level of significance was used for the study so as to minimize the possibility of Type I error.
Group Statistics

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<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
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<tbody>
<tr>
<td>Data Weight</td>
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<td></td>
<td></td>
</tr>
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<td>Sample A</td>
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<tr>
<td>Sample B</td>
<td>14</td>
<td>20.5714</td>
<td>10.84658</td>
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Independent Samples Test

<table>
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<tr>
<th>Levene's Test for Equality of Variances</th>
<th>t-test for Equality of Means</th>
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<tbody>
<tr>
<td>F</td>
<td>Sig.</td>
</tr>
<tr>
<td>Equal variances assumed</td>
<td>.568</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>.966</td>
</tr>
</tbody>
</table>

The calculated is -0.97 while the tabulated at 26 degrees of freedom (n1 + n2 - 2) is 2.06. Thus our calculated value is less than the tabulated at p=0.05 and so the difference between the means of the two tables is not significant. This implies the means is not significantly different for the two samples at the level of probability (0.05).

FINDINGS

The study used the perception of customers to gauge the performance of two retail firms with regard to the existence or otherwise of certain marketing competencies. The two firms under study belong to different industries within the retail sector. It was discovered that the two firms engaged in various marketing activities capable of giving them an edge over their competitors. However the existence of these marketing competency factors was not strong in all fronts. The two firms showed weakness in several of the factors but excelled in others. Since all the factors were deemed to be important, the weakness in some suggests a less than well rounded marketing strategy. This would no doubt impact the overall performance of the two firms. Serious as the weaknesses are, the two firms continue subsisting on less than optimal returns on investment. The owners of the firms may not be mindful of the situation or they may be complacent. Either way we look at it, improving on these marketing competency factors could go a long way in affecting the financial position of the two firms positively. This finding is in line with Walters and Knee (1989), and Johnson and Scholes (2002) that claim that distinctive marketing competencies are skills which businesses can develop to form the basis for competitive advantages over their competitors.

CONCLUSION AND RECOMMENDATIONS

The study found that the possession of marketing competencies confers advantages on outlets over others that do not in their immediate environments.
For this reason it is recommended that such outlets identify marketing competency factors and emphasize them in their retail mix. Such an action can go a long way in

REFERENCES