ANALYSIS OF STRATEGIC MARKETING AS CRITICAL TOOL FOR ENTREPRENEURIAL SURVIVAL: A STUDY OF TOPTREE OIL MILLS NIGERIA LIMITED, ABA, ABIA STATE.

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Abstract

Entrepreneurship engagements have continued to encounter difficulties in coping with turbulent economic environment. The global economic crisis worsened the state of affairs culminating in the collapse of many companies. In-spite of these challenges, some entrepreneurship still thrives. This paper is focused on the entrepreneurship survival strategies of organizations with focus on Toptree Vegetable Oil company, Aba, Abia State. A descriptive survey of the company reveals that adoption of corporate strategy, stretching of core competences and distinctive capabilities remain the hallmarks of entrepreneurialships which thrive in-spite of turbulence in the business environment. Recommendations are made for the adoption of integrated plans and innovative activities, formulation of long term goals as well as development of reputation for quality goods and services. This paper has implication in public policy formulations for business growth and development in Nigeria and the developing countries.

Keywords: Entrepreneurship, Strategy, Strategic Marketing, Economic environment Core competence
Background to the Study
An entrepreneur is a risk taker, who is able to utilize the opportunity available in creating something of value within the limits of resources available. Entrepreneurship occurs when an individual or group develops a new venture, or a unique way of giving the market-place a product or service by utilizing the opportunities within their immediate environment under conditions of uncertainty.

Entrepreneurial efforts could be traced to the stone age when individuals struggled out of ingenuity to use special stones to ignite fire for the purpose of cooking and heating. In Nigeria, many people from various tribes, out of their God-given talents, created many things of value for the populace. People engaged in ventures like goldsmith, blacksmith, leather craft, etc. However, the civil war in Nigeria ignited the spirit of survival and ruggedness of the citizens, particularly the Igbos living in the Eastern part of Nigeria. Thus the efforts of the Igbos and others yielded results in the area of creativity and entrepreneurship. These efforts, in the mist of global challenges, coupled with technological advancement have resulted in the establishment of various forms of companies by entrepreneurs - the drivers of entrepreneurship. There are notable entrepreneurial activities in cities such as Lagos, Aba, Nnewi, Onitsha, Kano, Kaduna, and Port Harcourt, Warri, Benin, Ajaokuta and other parts of the country. These cities have been noted for the production of most household, industrial and general goods in Nigeria. The companies engaged in the production of goods and services exist in categories ranging from small, medium to large enterprises.

In analyzing the existence, survival and collapse of these enterprises, many strived, while some fizzled out shortly after they were established. Others died natural deaths due to various reasons. It is important to note that the stories about these companies in Nigeria cannot be complete without an in-depth analysis and clear demarcation between those in very bad shape and those who still strive amidst challenges in the environment. The question on the lips of some observers remains: why do some companies survive turbulent economic situations and environmental changes while others do not? The foregoing brings to the fore, the main interest in this paper, analysis of strategic marketing as critical tool for entrepreneurial survival. The aim is to identify the entrepreneurial survival model in our turbulent times.

Statement of the Problem
To survive turbulent times is the hallmark of a proactive, well positioned entrepreneurship organization. To achieve this, entrepreneurs combine the resources at their disposal in unique ways to deal with the current and future challenges facing them. In Aba, Abia State, the economic crisis of 2008 affected many companies, culminating in their death. Few companies survived the crisis, among which is Top tree Oil Mills Industries Limited (Okeke, 2009). It is pertinent therefore, to ask whether the secret of survival lies in the strategic marketing employed by individual companies. This paper, therefore, is centered on the Analysis of Strategic Marketing activities of entrepreneurial organizations with particular focus on Top tree Oil Mills Nigeria Limited, Aba, Abia State. The focus of the paper is to find out if survival in similar organizations is attributed to strategic marketing employed.
Objectives of the paper

The general objective of this paper is to identify critical strategic marketing options for entrepreneurial survival with a view to contributing to economic development in Nigeria. The specific objectives of the paper are:

(i) To critically examine how entrepreneurship organizations survive in a turbulent business environment.
(ii) To ascertain if strategic marketing employed affects the fortunes of business organizations.
(iii) To develop a model for entrepreneurial success from (i) and (ii).

Significance of the paper

Since the paper deals with Analysis of strategic Marketing as critical tool for entrepreneurial survival, it is hoped that the gains of the strategies employed by Top tree Oil Mills Nigeria Limited would serve as a model for similar organizations. It would provoke studies into the strategic marketing activities in other areas of enterprise in Nigeria. It would also serve as resource material to students, lecturers and other members of the public. The government of Federal Republic of Nigeria could also borrow the suggestions in policy formulations relating to industrial development in Nigeria and other developing counties.

Profile of Toptree Oil Mills Nigeria Limited

The company is a partnership organization. It is owned by four individuals. Toptree Oil Mills Nigeria limited started business operation in 1988 at KM5 Umuahia-Port Harcourt Expressway, Osisioma, Aba. Its initial business was the refining of Crude Palm Kernel Oil (CPKO) into vegetable oil. Its refinery capacity is 100 metric Tonnes/day. Actual refining business started in 2002. Today, the company has diversified its business including solvent extraction, soap making, bulk oil sales and packaged oil in jerry cans. Toptree oil mills has a new 300 metric Tonnes/day additional plant. The aim of this additional plant is to enable the company to buy crude palm kernel (CPK) from any source (Local and foreign), crush, extract its crude oil and refine it in her refinery. This is to ensure steady and continuous production in her refinery.

This attempt is Toptree oil mills’ 1st step towards backward integration policy. Toptree oil mills also has a 2.5 metric tonnes/hour soap plant.

The company has an Indian as Managing Director. She also has two Assistant General Managers in technical and marketing, administrative managers, personal assistant to the chairman, ten (10) assistant managers, and 100 (one hundred) support staff including casuals in production, packaging, stores, loading and off-loading, way bill etc.

Toptree Oil Mills Production Process

I. Vegetable Oil: The Company has a tank farm from where crude palm kernel oil (CPKO) is drawn to the refining plant. At the refinery, the technical teams are on hand to add all necessary additives. Under set temperature and pressure the crude palm kernel oil is refined into vegetable oil. The vegetable oil also passes through the pipelines into storage tanks marked out for it in the tank farm.
ii. **The Soap Production Process:** Soap is made from Red Palm Oil or Tallow (Animal fat). Each of these has various tanks in the tank farm where it could be drawn. When tallow is used, it is drawn from the tank farm to the boiling pot in the production floor. When the tallow is boiled to a set temperature and pressure, it passes through the dryer. At the dryer, certain colours and perfume are added before the dry soap moves through the conveyor to the cutting section. The wrappers and packers are on hand to tidy up the production process at this point.

iii. **Products of Toptree Oil Mills:** The products of the company include: Toptree vegetable oil, Toptree crude palm kernel Oil (PKO), Toptree palm kernel cake (PKC), Toptree brands of soap (Laundry) – sky and Wiper brands.

iv. **Strategic Marketing Activities of Toptree Oil Mills Nigeria Limited**
   a. Employment of expatriate managing director
   b. Diversification/Expansion projects leading to Extraction, refining and packaging of products.
   c. Employment of Foreign technology through solvent extraction (technology transfer)
   d. Production and sales of multiple products in Bulk (use of distributors) and Retail sales.
   e. Payment of commission on sales to distributors and marketers.
   f. Access to both foreign and domestic loan facility E.g. European Investment Bank (EIB), Nigeria Agricultural Credit and Rural Development Bank (NACRDB), Bank of industry (BOI), Diamond and Access Banks, etc.
   g. Local and foreign access to raw materials
   h. Production of high quality products
   i. High Production capacity advantage - 300 metric Tonnes/day solvent plant.
   j. Export advantage (Palm kernel cake-PKC, soap and vegetable oil -core competence.
   k. Employment of highly qualified work force and exposure to foreign and local training.
   l. Good corporate social responsibility - employment of indigenes of local environment (Osisioma Ngwa) and provision of scholarship to indigenes and recognition of traditional institution.

**Conceptual Review**

**Entrepreneurship**
The word entrepreneur is viewed from different angles by different authors. But all the definitions or descriptions contain similar concepts such as risk-taking, organizing, creating wealth, initiative and newness. Hence, (Imaga 2002) defines an entrepreneur as someone who brings things like money, materials and labour together in new business, productive process or improved organization to ensure business success by perhaps creating something new. Act of creating or innovating usually requires exceptional determination as well as acumen, initiative and creativity which need not be innate or
inborn but must be fuelled by the desire to out compete others, excel or to change a stagnant situation. (Udu, Udu, and Eze, 2008), see entrepreneurs as those who have insatiable desires for accomplishment of anything that fascinates their mind (idea) which requires single-mindedness and an obstinate refusal to give up, even when the situation looks impossible. Entrepreneurs, are therefore, those who see visions and translate their visions into economic and commercial activities that are capable of enhancing the well-being of the citizens. (Udu, et al, 2008).

Okenwa (2005) asserts that an entrepreneur is an individual who is willing and able to take risks with the aim and objective to maximize profit. This brings to bear the fact that an entrepreneur invests money, effort and time on a business in order to make profit. He/she is therefore, business minded. Such should be able to see and evaluate business opportunities and gather necessary resources and to initiate appropriate actions in order to bring about success of the business venture.

Given the above background, Okenwa (2005), posits that entrepreneurship is an activity that has to do with the identification of investment opportunities, establishment and promotion of a business. It is indeed concerned with the ability to pool various scarce resources, the organization and management of human and material resources for the realization of the corporate goals of an enterprise, risk bearing, innovation and change. Gana (2001) stated that entrepreneurship is the willingness and ability of individuals to seek out investment opportunities in an environment and be able to establish and run an enterprise successfully based on identified opportunity.

Agu (2001) identified entrepreneurship characteristics as follows:
1. Risk taking
2. Self confidence
3. Personality and perseverance
4. Opportunity seeking
5. Systematic planning and goal setting
6. Sense of achievement
7. Human relations and persuasive skills
8. Information seeking.

Lie (2003) quoting Kirby (1971) defines entrepreneurship as willingness and ability of an individual to seek out investment opportunities, establish and run an enterprise successfully. Stone and Freeman (1992) see entrepreneurship as the seemingly discontinuous process of combining resources to produce new goods and services.

Marketing
Marketing is the business function that identifies current unfulfilled needs and wants, defines and measures their magnitude, determines which target markets the organization can best serve, and decides on appropriate product, services and programmes to serve these markets, (Kotler, 1984). What then is marketing concept? Kotler (1997) asserts that “the key to achieving organizational goals consists of being more effective than competitors in integrating marketing activities toward determining and satisfying the needs of a target market.
The consumer's satisfaction is maximized by providing goods and services that match his or her needs while at the same time, the market maximizes his profit for serving the needs or market. Hence, Davidson (1997) in his text “offensive marketing” argues that a firm’s orientation should be to build superior customer value for above average profit.

**Strategy**

Change is inevitable in every organization. Managers/entrepreneurs are adopting to changing marketing conditions and at the same time facing the need for creating an “anticipative” rather than a “reactive” managerial system. These managers are continuously searching for ways to manage an increasingly complex technology and markets as well as more sophisticated workforce in an environment that is continuously in a state of flux. A static organization can no longer be feasible under this situation. To meet the challenges and continuously create goods and services that meet the taste of consumers, entrepreneurs have created various strategies. A well defined strategy helps in the development of organization goals and objectives. Nnedu (1995) maintains that strategy points out the way to achieve corporate goals and is designed with those goals in mind. Hence; a market place is like battle field with firms designing their various strategies with a view to remaining dominant in the market.

Thompson and Strickland (1981) discussed a number of strategic options that an organization can use to compete effectively in its own market. The use or adoption of these strategies is however dependent on the level of market share the business is enjoying. Some of these strategies are:

**Strategies for low- Market Share Business:** Here, the market share is below the share of the market leaders. Business under this category can operate effectively by adopting any of the following strategies.

i. The unsatisfied niche strategy- which calls for the targeting of market segments that have not been attended to by the industry’s players.

ii. Specialist strategy- which advocates the concentration of business on a particular product/service so that the firm will improve and serve its markets more effectively.

**Strategies for the Dominant Business:** These are businesses that enjoy relative high market share in the industry. Strategic options open to these businesses are:

i. Offensive Strategy- which preaches continuous innovation and creativity to remain dominant in the market place.

ii. Fortification strategy – which enjoins the firm to protect its chief products with patents and generally make entry into its market difficult for smaller ones.

iii. Maintenance strategy – this is the strategy to maintain its current level of market activities.

c. Other classes of business that could require distinct strategies are business in growth market. Organizations in alternative growth strategies usually watch out for opportunities, engage in product innovations. Business in mature to declining industries deserve special strategies to rescue them.
Organizations here, could exploit any opportunities in the industry, through product and market diversification strategies, quality improvement, product innovations and price-off promotion strategies. It is to this that our focal firm belongs.

Anyanwu (1999) maintains that the organizational strategy and product mix strategy could be affected by the behavior of consumers in a particular business environment. It is equally noteworthy that the market size, scope, nature and location also affect strategy. Firms serving large market will employ strategies that will guarantee coverage of its markets.

Other strategies could be affected by market structure and behavior. A monopolistic pricing strategy will definitely differ from that of an oligopolist. Financial background of companies, manpower availability, organizational objectives and the rate of competition also affect strategy. Admittedly, no strategy has been discovered to be the most effective but nothing can still weaken the fact that for every given business environment, there are strategic options that appear most appropriate. The ability to discern and apply strategies at every given business situation is what makes a good strategic manager. This is what informs the success of the focal firm under discussion.

Strategic Marketing
In Nigeria, the challenges of doing business have been herculean. Apart from global challenges in recent times culminating in the crash of stock market, Nigeria banks have come to face the challenges of consolidation, mergers and acquisitions. All these rifts posed greater challenges to entrepreneurial organizations, thereby leading to the collapse of many companies, particularly, in Aba, Abia State. Companies' survival in the face of all these problems depended on strategies employed by each of them (Okeke, 2009). The long held concepts of marketing have been identified as “customer value” “comparative advantage” and “focus”. This means that organizations must study the market, develop products or services that satisfy customers needs and wants, develop the “correct” marketing mix and satisfy its own objectives as well as giving customer satisfaction on a continuing basis. Preoccupation with the tactical workings of the marketing mix led to the neglect of long term product development so, “strategic marketing” was born (Carter, 1984). The focus was shifted from knowing everything about the customer, to knowing the customer in a context which includes the competition, government policy and regulations and the broader economic, social and political macro forces that shape the evolution of markets. In global marketing terms this means forging alliances (relationships) or developing networks, working closely with home government officials and industry competitors to gain access to a target market. Also the marketing objective has changed from one of satisfying organizational objectives to one of “Stakeholder” benefits, including employees, society, and government and so on. Profit is still essential, but not an end in itself.
Methodology
In analyzing the strategic marketing capability of an organization, it is necessary to consider the organization at various levels of detail. There are broad issues of capability which are relevant to the organization as a whole. These are largely concerned with the overall balance of resources and mix of activities. At the detailed level there are assessments to be made of the quantity and quality of each key resource, such as buildings, machines and people (Johnson, 1999). He posits that the central issue in understanding the strategic capability of an organization is an assessment of the competence which exists to undertake the various separate activities of the business, such as design, production, marketing, delivery, and customer liaison and support. It is an understanding of the competence in performing these various value activities and managing the linkage between activities which is crucial when assessing strategic capability. Figure 1 below provides a systematic way to move from an audit resources to deeper understanding of strategic capability.

**Fig 1. Analysing Strategic Capability**

![Diagram showing the analysis of strategic capability]

i. The resource audit identifies the resources available to an organization, from both within and outside, to support its strategies. Some of these resources may be unique in the sense that they are difficult to imitate—for example, patented products, a low-cost source of supply or the location of a facility.

ii. Assessing competence requires an analysis of how resources are being deployed to create competence in separate activities, and the processes through which these activities are linked together. Usually, the key to good or poor performance is found here rather than in the resources per se. Value chain analysis can be used in understanding and describing those activities and linkages.

iii. Although an organization will need to reach a threshold level of competence in all the activities which it undertakes, it is only some of these activities which are core competences. These are competences which underpin the organizations ability to outperform competition.

iv. Competences are difficult to assess in absolute terms, so some basis of comparison is needed. The two most frequently used comparison are historical (improvement or decline overtime) and industry norms comparison with the performance of similar organizations, often competitors). A third basis of comparison—benchmarking is now in common use and involves comparison of competences with best practice.

v. The various analysis concerning resources and competences usually relate to separate strategic business units. An organization's overall strategic capability will also be influenced by the extent to which its resources, competences and strategic business units are balanced as a whole.

vi. Resources analysis can often prove difficult or fruitless if attempts are made to list the key issues (such as strengths and weaknesses) before some of these other analysis have been undertaken. This identification of key issues is critical and is best undertaken as a means of summarizing the key strategic insights which have emerged from other analysis.

Discussion

There are several theories of entrepreneurship. In this paper, the Resource Based Theory by E. Penrose in her 1959 work “The Theory of the Growth of the Firm” (New York Wiley) is considered relevant. The theory came into limelight in mid 1980s by J. Barney and K. Conner (Dollinger 2006). The assumption of the R.B.T (Resource Based Theory) is that entrepreneurship is facilitated when there are capabilities and resources which the entrepreneur either possesses or can acquire and deploy in sustainable manner. It is only with appropriate resources and capabilities that can be employed in a sustainable manner over a long term in order for an entrepreneurial firm to achieve sustainable competitive advantage and success.

If through a good understanding of the resource potentials, good vision, intuition and creative act, an entrepreneur chooses a particular industry where resources are valuable, rare, hard to copy (or inimitable) and resources that are non-substitutable, the entrepreneur, will not only be able to succeed, he will above all, be able to enjoy long term competitive advantage and economic success (Udu et al, 2008).
Without sustainable competitive advantage entrepreneurial successes are ephemeral as competitors quickly obliterate the successful outcome of the initial effort. Sustainable competitive advantage comes when entrepreneurs and entrepreneurial firms possess and utilize resources and capabilities that are:

i. **Valuable** – because these resources occurring within the environment as opportunity, effectively and efficiently facilitate the implementation of the strategy.

ii. **Rare** – because the resources are not enough to go round among competitors or those wishing to enter into competition.

iii. **Hard to copy**– because those who are competitors as well as those wishing to compete, cannot duplicate the resource.

iv. **Non-substitutable** – because no other resource can be used successfully as alternative. Resources that are useful in entrepreneurial context include. Physical, reputational, organizational, financial, intellectual, human and technological resources.

Equipped with the above resources in appropriate levels, an entrepreneur as well as an entrepreneurial organization will achieve success and enjoy sustainable competitive advantage in chosen areas of effort (Udu, et al, 2008). An entrepreneur invests where there is business opportunity. Therefore, survival in the business is dependent on the ability to see beyond his peers. He is driven by the desire to reap in the line of investment. Above all, success in creating something of value-product/service depends on the competence adopted in applying manpower, skills / technical know-how, creativity and innovativeness and resources. Toptree Oil Mills Nigeria Limited has successfully employed these to their advantage.

**A Suggested Model for Entrepreneurial Success**

This paper, in trying to identify strategic marketing options available to successful entrepreneurial firms, reviewed several literature and theories. The following suggested model for entrepreneurial success has been deduced based on the descriptive analysis in this paper. In Figure 2 strategic marketing, the key to survival for any entrepreneur is hinged on the two-pronged pillars of core competences and distinctive capabilities. The core competences of an entrepreneur that desires success would include such features as unique management style, innovation and technological style, network of relationship with suppliers and buyers, The maintenance of market lead with vast product range, etc. On the other hand, distinctive capabilities of an entrepreneur would hinge on corporate architecture, reputation, innovation and strategic assets. In between the two is an overlap of corporate social responsibility.
Conclusion
Strategic Marketing has been seen as a vital instrument for firms desiring to make progress in turbulent business environment. It helps an organization to understand its business in terms of target market offering, products development and better opportunities for environmental survival in terms of uncertainty. Hence, it is an integrated plan indicating technological innovations and stretching of its competences that an organization accomplishes its marketing objectives and thus remains in the economic and business environment in the long run.

Recommendations
The strategic marketing activities of Top tree Oil Mills Nigeria Limited, Aba – Abia State has been unveiled in this synopsis of academic exercise with the following recommendations:
1. Business organizations must strive always to formulate long term goals.
2. Integrated plan and innovation activities are necessary ingredients for an organization that must remain in business in a turbulent economic environment.
3. Entrepreneurs must strive to develop a reputation for quality goods / services.
4. As organizations stretch their core competence to outwit each other in competitive environment, good corporate social responsibility is very essential.
5. The work is recommended for extension in other similar companies/organizations, (including service organizations) in other parts of Nigeria.
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