

# MARKETING STRATEGY AND ITS IMPACT ON THE PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES IN KOGI STATE OF NIGERIA

**Ihemeje, J. C.**

*College of Management Sciences,  
Michael Okpara University of Agriculture, Umudike*

**Ezechi Chukwu**

*Gregory University, Uтуру*

**&**

**Efanga, Udeme Okon**

*Department of Banking and Finance,  
Alex Ekweme Federal University, Ndufu Alike, Ebonyi State*

## **Abstract**

*This paper focused on marketing strategies and the performance of Small and Medium-Scale Enterprises in Kogi State. Marketing strategies were decomposed into specialization, segmentation and product differentiation strategies. Specialization strategy and segmentation strategy were investigated against the performance of SMEs in Kogi State; and the relationship between product differentiation and customer's satisfaction was also ascertained. The study used descriptive research design. Data were gathered and analysed using descriptive and inferential analytical techniques (Multiple Regression and correlation matrix). Finding showed that specialization strategy (promotion strategy and price strategy) has effect on performance of SMEs in Kogi State; and that customer's satisfaction has significantly positive relationship with differentiation strategy. The study concluded that if promotion strategy and price strategy is combined, promotion will have positive effect on the performance of SMEs in Kogi State, and price will have negative effect on the performance of SMEs, and that the when SMEs focus on differentiation strategy, customers' expectations will be met. The study recommended that SME owners should ensure that both promotion strategy and price strategy are not combined together as this can cause varying performance outcomes, and that they should focus their differentiation strategy on product quality, product content, operation process, and innovation so as to enhance increased customer's satisfaction.*

**Keywords:** Marketing strategy, small and medium enterprises, Kogi state, customer's satisfaction

## **Introduction**

The strategy of a marketer reflects how plans are formulated to achieve marketing objectives. The strategy is sequel to the need to have marketing agility. Marketing agility is a representation of the dynamic capabilities of SMEs in Kogi State. Guille'n & Garc'a-Canal (2009) expressed that firms need to possess sound knowledge of critical capabilities with good understanding of competition in the markets so as to enhance improvement of their performance. SMEs face the challenge of not being able to adapt to the dynamic nature of the business environment (such as persistent change in customers' requirements, price perceptions and product quality consideration). These are market conditions that institute persistent shifts in the competition landscape (Williamson, Ramamurti, Fleury, & Fleury, 2013).

Marketers are to achieve their performance in the face of tough competition where different competitors display varieties of products or services with special focus on customer's proposition. In Kogi State, the importance of marketing strategy for SMEs cannot be over-estimated. Bettiol, Di Maria & Finotto (2012: 5) expressed that "a number of literature streams in management and strategy have stressed the crucial function played by marketing in

constructing and sustaining competitive advantages". The inability of a marketer to formulate and implement better strategy may imply that the achievement of superior performance will be problematic. Enterprises with high performance are presumed to have better "marketing strategy implementation capability" compared to enterprises with average performance (Vorhies and Morgan, 2005; Slater, Hult, & Olson, 2010, p. 551). Marketing strategy can help the marketers to define the present marketing situation and envision the most appropriate course of actions to achieve a desired performance in the form of market share, sales and profitability.

There is need for SME owners to engage in distinctive phase of thinking on their marketing activities in Kogi State. This may involve thinking expansively on the marketing activities (such as knowing the level of the marketing activities and how to expand on it). The goal of the strategic thinking may be to take advantage of differentiation, specialization and market segmentation for the achievement of desired objectives. This thinking may revolutionize the marketing mind-set of SME owners in Kogi State. The SME owners will get to know the 'what and how' of marketing strategy. Fairholm & Card (2009: 20) stated that "the what-how approaches often utilize market segmentation techniques to provide the focus necessary for disciplined thinking about positioning the organization relative to the customer in the private sector". Also, the vision of the enterprise may be redesign to capture what options are available and how to take advantage of it. The formulation and implementation of marketing strategy premise on these for successful achievement of objectives.

It is important to know that marketing strategy must be flexible (easily reviewed periodically). The fact remains that there is no perfect strategy; strategy may be effective at one time and becomes weak at another time. Successful marketing strategy depends on the strength of the SMEs, their present market position, vision and their inventory of distinctive resources.

The performance of SMEs in Kogi State has been observed to be poor, and some SMEs are witnessing entropy amidst COVID-19. It is not disputed that COVID-19 accounts for disruption in the business operations of SMEs in Kogi State. Aifuwa, Saidu, & Aifuwa (2020) argued that the

performance of SMEs (financial and non-financial) is hindered by COVID-19. The business operations of SMEs are affected by 55% (International Trade Centre, 2020). Studies (such as Oyelaran-Oyeyinka, 2020; Musa & Aifuwa, 2020) noted that SMEs in Nigeria prior to the COVID-19 era were faced with a number of challenges. Abdullahi, Jakada & Kabir (2016: 2) identified some challenges as "finance, infrastructure, managerial deficiency, marketing problems, technological bottleneck, unfavourable fiscal policy, strategic planning and sociocultural problems". The fact remains that numerous factors can explain the causes of the truncation in the performance of SMEs in Kogi State. Varadarajan (2010: 121) stated that "given the dynamic and evolving nature of the field, circumscribing the scope of strategic marketing decisions as pertaining to specific issues (example, three-segmentation, target market selection and positioning; seven-segmentation, target market selection, positioning, product, promotion, price and distribution) is inherently problematic".

Marketing is fundamental to the success of SMEs; this is because marketing expresses the proposed value for customers convincingly leading to improved market share and profitability. Thus, it is important for SMEs to adopt effective marketing strategies to enhance customer's satisfaction, superior market share and profitability. Effective marketing strategies can capture the creation of unique value that appeals to the customers to make more patronage and drift from other competitors. The problem with SME owners in Kogi State may be attached to the inability to design or develop effective enterprise's marketing strategies. Those SME owners who have designed their enterprise's marketing strategy may be guilty of holding on to the strategy for too long period. For marketing strategy to often win the competition, it must be flexible enough.

It is observed that there are gaps in the marketing strategies adoption of SMEs in Kogi State. More attentions have been given to marketing mix strategies, keeping other marketing strategies at a low level of adoption. Tracy (2014) argued that marketing strategies premises on "specialization, differentiation, segmentation and concentration. These are bit more elaborate compared with the three strategies of Porter (1980) which are cost leadership, differentiation and focus. For the

purpose of this study, Tracy's (2014) specialization strategy, differentiation strategy and segmentation strategy were considered. Knight (2000: 20) posited that "firms that pursue a product specialization strategy emphasize specialty products and create distinctive goods for niche markets". Pelham (2000) and Leitner & Guldenberg (2009) found that market differentiation strategy can greatly impact on profitability of SMEs. This may imply that the adoption of differentiation strategy by SME owners can lead to enterprise's profitability. It may be difficult for an enterprise to make profit without first assuring customer's satisfaction. In a study, Hanmaikyur (2019: 84) empirically proved that "market segmentation have significant positive effect on SMEs performance".

Marketing strategy proposes high values for customers through game plan. The game plan reflects strategic thinking towards creating new customers and retaining the existing customers through specialization, segmentation and differentiation. In creating new customers, outwitting marketing strategies are needed to unseat the competitors. This is by way of luring the competitors' customers with the best offerings that guarantees high values. According to Varadarajan (2010), "marketing strategy can be defined as an organization's integrated pattern of decisions that specify its crucial choices concerning products, markets, marketing activities and marketing resources in the creation, communication and/or delivery of products that offer value to customers in exchanges with the organization and thereby enables the organization to achieve specific objectives" (p.128). Kurtz and Boone (2010) referred to "marketing strategy as an overall, companywide program for selecting a particular target market and then satisfying consumers in that market through a careful blending of the elements of the marketing mix-product, distribution, promotion, and price each of which is a subset of the overall marketing strategy". Aaker (2008) cited in Jatau & Saidu (2018) defined "marketing strategy as a process that can allow organisation to concentrate resources on optimal opportunities with goals of increasing sales and achieving sustainable competitive advantage" (p.26). Sequel to the position of reviewed definitions, marketing strategy is indeed a practice of strategically attracting customers in the market through value creation, and identifying business factors that cause backdrops to business units and

predicting operational patterns that can guarantee customers' satisfaction through distinguished offering. As earlier noted, the three marketing strategies that are of importance to this study are specialization, segmentation and differentiation strategies. The brief explanations are as follows:

Specialization strategy includes knowledge of available resources, skills, and capabilities to integrate and executes plans with consistency among its elements. Product specialization is one strategy SMEs owner can use to target specific market segments. This strategy works for SMEs that specialize in a high-quality product and have the ability to customize it to fit the specific needs of different segments. A product specialization strategy allows a company to focus on its reputation for quality in brand development. The specialization strategy consists of the four P's (price, product, promotion and place). SME owners who pursue product specialization seek that specific target market is established for their products and concentrate on marketing them to the audience instead of the populace. They are searching for customers who are likely to give preference to the features of their products, and are specifically targeting their marketing efforts. You may become viewed as an expert authority in that industry. Specialization strategy did not only give preference to pricing or product attributes but is concerned with the range of products offered or the scope of the market targeted

Segmentation strategy reflects on the demographic, geographical, psychological and behavioural variables of customers. It helps SMEs deal in heterogeneity by balancing the variability in customers' needs with the available resources. Segmentation strategy can help marketers to identify and recognize different customers and exploit experience to provide more appropriate offerings. Demographic-segmentation strategy includes variables like age, sex, educational attainment, ethnicity and income of customers. Segmenting a market according to demographics is the most basic form of segmentation. Combining demographic segmentation with other types can help you to narrow down your market even more. Psychological-segmentation is similar to demographic segmentation, but it deals with characteristics that are more mental and emotional. It categorizes audiences and customers by factors that relate to their personalities and characteristics. These attributes may not be as easy to observe as demographics, but they can

give you valuable insight into your audience's motives, preferences and needs. Understanding these aspects of your audience can help you to create content that appeals to them more effectively. Psychological-segmentation strategy includes variables like values, the interests, the attitudes, the conscious-subconscious motivators, the lifestyles and the personalities of customers. Geographic segmentation, splitting up your market based on their location, is a basic but highly useful segmentation strategy. A customer's location can help you better understand their need.

Market differentiation strategy is on the ground of distinguished product, operations processes and innovation. Leitner & Guldenberg (2009) added that "differentiation by quality required a company to have introduced a quality measure (e.g., ISO 9000 certification or TQM) in the previous 3 years. This strategy was considered valid if the company had also assessed the production of high quality products as a "very important" strategic goal "(p178). Thus, the enterprise may therefore nurture little or no worry as regards to how customers feel about price. The idea of creating a shift in product, operations processes and innovation is to make the appealing choice of customers over other competitors. The adoption of market differentiation strategy may bring about creation higher value and higher customers' loyalty which will increase the profit of the organization. Product differentiation can be achieved through image building, distinctive products, high quality, superior products and services, after sales services, unique packaging and design, product availability and product reliability. In a cutthroat competition, an enterprise is likely to overcome threats by creating better value through its offerings. A strategy that successfully differentiates may present the idea that there is no other product available on the market to substitute it with. A business may gain an advantage in the market even when there are similar products available because customers will not be willing to replace your product with another one. A product differentiation strategy that focuses on the quality and design of the product may create the perception that there's simply no substitute available on the market.

Concentration strategy describes where the firm focuses its resources and capabilities on competing successfully within one particular

product market sector. It is the strategy where the firm directs its resources to the profitable growth of a single product in a single market. The firm thoroughly develops its expertise in a limited area and grows by building its competencies and achieves a competitive edge. The strategy involves focusing on one specific product or market or industry. The strategy is subdivided into: (1) market penetration (attempting to generate extra market share of current markets in a company by using existing products), (2) market development (generating new viable market for the sales of already existing products), and (3) product development (introducing virgin product to already existing market): This involves the modification of existing products or the creation of new but related products that can be marketed to current customers. Such a strategy is adopted to prolong the life-cycle of current products. The firm achieves this through developing additional models and sizes or changing the products' colour, shape, taste etc.

Performance is a multi-dimensional concept. The term of performance has been defined repeatedly and at different times without having reached an agreement, because there is a numerous series of factors which influence performance directly or indirectly, such as the activities performed by the entity, the interests and the objectives of each economic entity. According to Oyedijo (2012), performance is a particular result obtained in management, economics, and marketing that print features of competitiveness, efficiency and effectiveness of the organization and its procedural and structural components. Performance can be regarded as the equivalent of competitiveness, high customer satisfaction and market share (Mwawuganga et al., 2013).

Hanmaikyur (2019) expressed that the term of performance has a Latin origin, where the verb *performare* had the meaning of finalizing a predetermined activity. Nowadays, the significance of performance comes from the English language, from the verb to perform, which signifies the regular accomplishment of a thing that requires ability or a certain skill. The noun performance denotes the manner of achieving the objectives predetermined by an entity. The concept of performance lends itself to an almost infinite variety of definitions, many of which relate to specific contexts or functional perspectives. Hajar (2015) gave a general definition and well-crafted definition of

performance, sharing the concept of two primary components, efficacy and effectiveness.

Around the globe, Small and Medium-sized Enterprises (SMEs) are conceptualized differently. The details of the specified size of a SME are given by the country in which the enterprise operates. The sizing or categorization of an SME, depending on the country, can be based on a number of characteristics. The traits include annual sales, number of employees, the amount of assets owned by the enterprise, market capitalization, or any combination of these features.

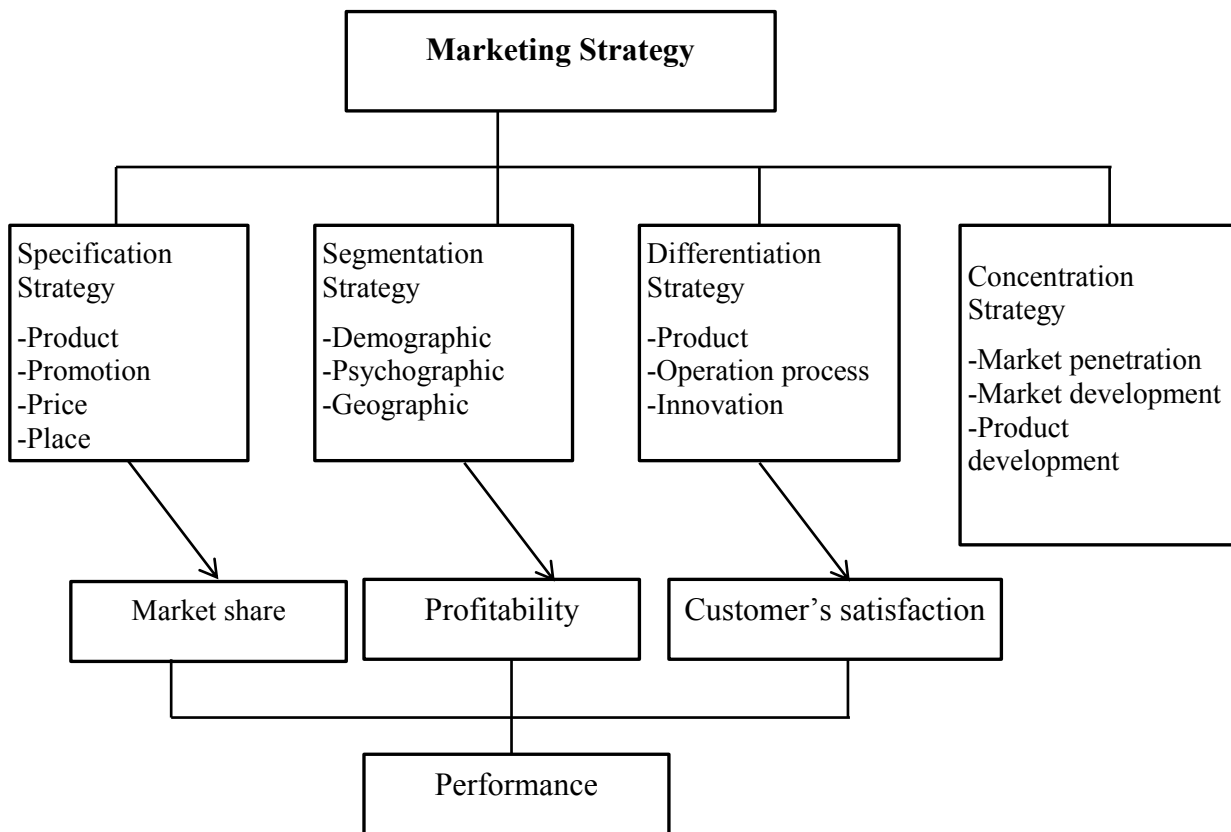
Different authors, scholars, and schools have different ideas as to the differences in capital outlay, number of employees, customer satisfaction, sales turnover, fixed capital investment, available plant and machinery, market share and the level of development. These features equally vary from one country to the other. In Nigeria, the Third National Development plan defined a small scale business as a manufacturing establishment employing less than ten people, or whose investment in machinery and equipment does not exceed six hundred thousand naira. According to Oyelaran-Oyeyinka (2020), SMEs are broadly defined as businesses with turnover of less than N100 MM per annum and/or less than 300 employees. Etuk, Etuk & Baghebo (2014) added that the European Union (EU) defined SME as any enterprise employing less than 250 employees, and went further to break down the SME into micro (less than 10 employees, small (from 10 to 49 employees) and medium (between 50 to 249 employees).

Marketing strategy serves as a roadmap, providing directions on marketing activities. Through this, SME owners are guided and tailor their effort and resources in a single know root in order to achieve a set corporate goal. The corporate goal of SMEs is a concrete one and it is long-term oriented. Tracy (2014) noted that SME owners can focus on marketing activities through the adoption of one of the four strategies:

specialization strategy which reflects on the area SME owners can apply their strength better; differentiation strategy which involves sustaining competitive advantage through ability to differentiate product, operations process and innovation from that of other competitors; segmentation strategy which involves the demographic, psychographic and geographic variables' consideration in marketing activities; and the concentration strategy which involves market penetration strategy, market development and product development.

Apart from the plan focus on the popular four P's (product, price, promotion and place), marketing strategies may be employed on digital marketing, segmentation based positioning and specialization. Webster (1992) cited in Varadarajan (2010) stated that "marketing as strategy is the emphasis at the Strategic Business Unit level, where the focus is on market segmentation, targeting, and positioning in defining how to compete in its chosen businesses. At the operating level, marketing managers focus on marketing tactics, the '4Ps' of product, price, promotion, and place/distribution, the elements of the marketing mix" (p.121). In a study, Gbolagade, Adesola, & Oyewale (2013) found that "product, promotion, place and price significantly predicts business performance in term of profitability, market share, return on investment, and expansion" (p.59). The position of this study is that market differentiation strategy can influence increased performance of SMEs in Kogi State. This is sequel to the report of Pelham (2000) that 'market differentiation strategy' impacts greatly on the profits of SMEs. The study of Leitner & Guldenberg (2009) also established that differentiation strategy has relationships with different performance variables. Kotler (2004) noted that when strategy captures large market segmentation the profitability will be high. The rationale behind market segmentation is to increase profit. The integration of strategy and market segmentation may create a master plan to achieving high profit margin in a competitive situation.

Figure 1: Conceptual Model



**Source:** Adapted from Leitner & Goldenberg (2009), Tracy (2014), Gbolagade, Adesola, & Oyewale (2013)

**Empirical Review**

Hanmaikyur (2019) investigated market segmentation practices and the performance of small and medium enterprises (SMEs) in Benue state, Nigeria. He adopted a cross-sectional survey design. The unit of analysis was organizations while the owner/managers of SMEs were the respondents. He employed systematic and simple random sampling as well as the snowball sampling techniques to collect the needed data for the study with a sample size of 401 SMEs covering SMEs from all sectors that exist in the study area. He used a combination of descriptive and inferential statistics (regression model) to empirically and statistically analyze the data collected. He found that market segmentation has significant positive effect on SMEs performance. He concluded that market segmentation has positive effect on SMEs performance in Makurdi metropolis of Benue state, Nigeria. He recommended that SMEs managers and operators should accord segmentation practices more attention to derive the benefits that accrue from its usage.

Jatau & Saidu (2018) reported on the effect of marketing strategy on customer satisfaction of Global System for Mobile (GSM) communication in Adamawa State, Nigeria. They specifically looked at innovative marketing strategy and market dominant strategy. They adopted survey research design. The data gathered were analysed using inferential statistics (multiple regression). Their finding revealed a significant effect of innovative marketing strategy and market dominant strategy on customer satisfaction. They concluded that GSM providers in Adamawa State should improve on their innovation process in order to better their market offerings through advancement in technology and investing in research and development and to enable customers to access their products easily in terms of office location, customer care services and quick response to network upgrade in order to have a competitive dominance. They recommended that GSM providers in Adamawa State should improve on their innovation process in order to better their market offerings through

advancement in technology and investing in research and development.

Zafari (2017) reported on marketing strategies to enhance profitability among international Oil and Gas Service Companies. He conducted a research survey. Data were collected through semi-structured interviews of 5 senior marketing managers of international oilfield service companies throughout the Middle East. Data analysis was composed of organizing data, becoming familiar with the data, putting data in nodes, giving proper codes, interpreting the data, and presenting the results, which led to 5 primary themes including customers, relationship, differentiation, services, and prices. He was of the position that identifying the right strategies that lead to higher profitability is crucial for international oilfield companies. He concluded that developing dynamic segmentation strategies, targeting new market players, differentiating via innovation, and promoting reliable relationships increase the likelihood of grasping new opportunities. The study's implications include having more sustainable and profitable firms contributing to prosperity of local communities, which leads to healthier economies and more stable societies.

Gichuru & Limiri (2017) conducted a study on market segmentation as a strategy for customer satisfaction and retention. They investigated the use of market segmentation as a tool for improving customer satisfaction. They adopted a survey research design. Data collected were analysed using descriptive method. They found that in utilizing market segmentation, institutions paid particular attention to barriers that negatively impact the effectiveness of the market segmentation exercise. They concluded that the need to pay particular attention to issues relating to barriers to implementing market segmentation was highlighted. They did not make any recommendations.

Harahap, Raharja, Abdoellah and Muftiadi (2017) conducted research on the effect of product differentiation implementation on marketing performance on apparel industry in Bandung City. The statistical methods used to test the conceptual hypothesis are multiple linear regression and classical assumption test. The results show that the apparel industry in Bandung City applied product differentiation strategy through form design, feature, quality, durability, style and

reparability in reaching the competed excellences when product is in its maturity phase. The study concluded that when strategy of product differentiation applied it will have an effect on the performance of marketing of apparel industry. The study does not provide recommendation for further study.

Mawoli & Aliyu (2017) examined, among others, the effect of market segmentation strategies on business performance in private schools in Minna metropolis, Nigeria. They used survey research design, and gathered data by means of questionnaire from randomly sampled eighty one school proprietors/principals out of a population of 101 schools in the metropolis. They analyzed data using descriptive statistics (relative frequency, means and standard deviation) as well as multiple regression. They found that geographical basis is the predominantly used market segmentation strategy in the private school industry in terms of pupils' enrolment and profitability. Furthermore, the study established that application of market segmentation strategies exert significant influence on the performance of private schools. They recommended that private school proprietors should expand their knowledge horizon on related marketing strategies for effective application in the competitive education sector.

Apuke (2016) reported on the impact of marketing strategies on customers' satisfaction- a study of Nigeria Bottling Company (NBC) Yola Depot, Nigeria. He evaluated the impact of marketing strategies on customers' satisfaction in NBC Yola depot from (2008-2016). He used survey research design. He analysed data using Pearson correlation test and chi-square. His finding reveals that 84.6% of the customers patronize the company product because it offers satisfaction and customer relation management strategy, coupled with high powered marketing skill. He recommended that the company should focus on building commercial capabilities, increase their CRM strategy to ensure that they serve their customers better, while ensuring that they continue to be innovative in meeting the customers' demands in a proactive manner for sustainable business capability, customer loyalty and retention.

Amar (2016) conducted a study on the influence of product differentiation strategy on operational performance at Small and Medium Enterprises

(SMEs) in South Sulawesi, Indonesia. The aim of the study was to analyze the effect of product differentiation strategy on operating performance of the company. The study was conducted on industrial of SMEs in South Sulawesi, Indonesia using a survey method with the sample of 75 respondents. Data were collected through questionnaires, and processed by the method of path analysis. His finding revealed that the strategy of product differentiation (vertical and horizontal) affects the operational performance of industrial of the SMEs significantly and negatively. He concluded that it has implications such as in the early stages of the implementation of this strategy; the company can issue additional production costs in the form of material costs, and more failing products without being accompanied by an increase in new customers. The study did not make any recommendations.

Jenkins (2015) reported on marketing Strategies for Profitability in Small Independent Restaurants. Data were collected using the primary source of data to obtain responses through the administration of a well-structured questionnaire to the respondents. Cluster sampling was used in three senatorial districts i.e. Adamawa north, south and central. One local government was selected from each senatorial district. The study adopted simple random sampling techniques to arrive at 399 respondents. Data were analyzed using inferential statistics (multiple regression) to test the hypotheses. The result show significant effect of innovative marketing strategy and market dominant strategy on customer satisfaction. The study concluded that global system for mobile providers in Adamawa State should improve on their innovative process in order to better their market offerings through improvement in technology, investing in research and development and to enable customers have access to their products easily in terms of location, customer care services and quick response to network upgrade in order to have a competitive dominance.

Ebitu (2014) conducted a research on marketing strategies and consumer satisfaction of cement product in Calabar, Cross Rivers State in Nigeria. He adopted survey research design. The study analyzed data using regression model. The result shows that Unicem marketing strategies has significant positive impact on consumer satisfaction in Calabar. The author argued that this may be attributed to the respondents

understanding of the marketing strategies of united cement company in the area. However, they did not make any recommendations.

The proponent of this theory is Porter in 1985. Porter focused on firm's relative position within its industry, and determines the level of the competitive advantage of firm. Porter identified that marketing strategies combined with the scope of activities for which a firm seeks to achieve them, and lead to three generic strategies (cost leadership, differentiation, and focus) for achieving above average performance in an industry. Cost leadership is a business strategy which may give SME owners cheaper cost of marketing average product in the target market. An SME owner may pursue this strategy through economies of scale, proprietary technology and preferential access to low cost means of distribution among others. Porter is of the belief that sources of cost advantage are varied and depend on the structure of the industry. This is contrary to Chandler's theory which assumes that structure follows strategy as earlier discussed. Factually today, competition has posed tough challenge to managers in respect to the cost of production, regardless of the Nigerian economic situation. It is observed that the economic condition of Kogi State is not favourable as high scarce money hardly purchases few goods. The fig 2 shows that cost leadership strategy can enhance competitive advantage and has broad target base for the enterprise.

Differentiation strategy, as the name implies, distinguishes the brand of an SME from other competitors within the industry and may enhance broad customers' target through market aggressiveness, high technological approach, and quality price. In a differentiation strategy, Porter (1985) posited that a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. The strategy is meant to capture the customers' value. It selects one or more attributes that many buyers perceive as important, and uniquely positions itself to meet those needs. Differentiated strategy is said to have a brilliant success rate (Anderson and Smith, 2010).

It is observed that the focus strategy opens up two ways (variants) of outwitting other competitors in a narrow target segment. The variants of focus strategy are cost focus and differentiation focus. It is seen that the cost focus is adoptable by SMEs to take advantage of cost within its market niche



or narrow target market. The differentiation focus enables SME owners to differentiation in its target segment (Porter, 1985). Both variants of the focus strategy rest on differences between a focuser's target segment and other segments in the industry (Porter, 1985). The target segments must either have buyers with unusual needs or else the production and delivery system that best serves the target segment must differ from that of other industry segments (Porter, 1985).

However, it is believed that these generic competitive strategies can lead to the achievement of SMEs' performance. Mwawuganga *et al.* (2013) stressed that with efficient application of strategic management principles of cost leadership and differentiation, the high level of customer satisfaction can be achieved. This high level of customer satisfaction leads to better performance (Hajar, 2015). To wrap it up, Porter argues that the failure to choose one of the generic strategies in the strategy space of potential competitive strategies can result in inferior performance (Chalchissa, & Bertrand, 2017). This implies that the combination of two generic strategies is unhealthy for SMEs, and may also lead to failure.

Strategy itself gained literature attentions through game theory developed by Neumann and Morgenstern. According to Nik and Nik (2008), game theory has developed its application mainly in mathematics since its inception in 1944 by John von Neumann and Oskar Morgenstern. Game theory describes the behavioural pattern of players in a business competition. It provides an insight into business competition which involves dragging and cooperation to achieve favourable pay-off (performance). Game theory assumes that one has opponents, who are adjusting their strategies according to what they believe everybody else is doing, (QuickMBA.com). In game theory, a business competition is a complete specification of the strategies each 'player' has, the order in which players choose strategies, the information players have, and how players value possible outcomes that result from strategy choices, (Camerer, 2003). Analyzing agri-business competition requires probing into adequate knowledge of the rules binding the competition itself, the strength and weaknesses of other players, the outcome of skilful application of marketing strategy, and the pay-off involved.

The study adopted the Theory of Competitive Strategy and Game Theory as a back-up theory. The important areas covered by the Theory of Competitive Strategy are value chain, the generic strategies of cost leadership, differentiation, and focus, and the market positioning strategies of value based, needs based, and access-based market positions. Studies (such as Bharati & Chaudhury, 2009; Oyedijo, 2012; Uchegbulam, Akinyele, & Ibadunni, 2015) have used it to explain the performance.

The relevance of the Game Theory to this study is that it explains the need for SME owners to adopt the best marketing strategy with constant understanding of rules attached to competition in the market place. It is believed that knowing these rules is not adequate to achieve a desirable pay off without the application of effective strategy. Don (2010) opined that one can test a game-theoretic model of a phenomenon only in tandem with auxiliary assumptions about the phenomenon in question. Prison dilemma supports the application of game theory. In a similar case of Prison dilemma, where both players have +: +, the likely outcome is win-win; where one player has – and the other has +, the possible outcome may result to one loss for one win; and where both players have –: –, the outcome gives no headway. Thus SME owners need to consider business competition as a game, and adopt the rules.

Market share is considered a paramount indicator of performance of SMEs in Kogi State. Dirisu, Iyiola, & Ibadunni (2013) expressed that performing SMEs have larger market share. According to Ibrahim & Mahmood (2016: 280), SMEs' performance reflects "the ability of the enterprise to realize its objectives such as high profits, good financial outcomes, good quality products, a large market share, and long-term survival, using relevant strategies for action".

Specialization strategy focuses on product, price and promotion. However, specialization strategy has predictive power over the market share of SMEs. SMEs have the propensity to achieve increased market share through effective specialization strategy. Ghouri, Khan, Malik and Razzaq (2011) argued that SMEs that are able to adopt the marketing strategy will benefit from increased market share and achieve competitive advantage. SMEs may devote more effort and resources to developing this strategy to outperform other competitors in the marketplace.

Specialization is seen as strategic approach to concentrating on very small range of products/services to achieve optimum productivity, customer satisfaction and market leadership. Ample percent of market share premises on the ability of SME owners to skilfully and out-wittingly specialize in creating better value (product/service) for customers in a highly competitive business environment.

In Kogi State today, customers place high expectation on products to serve their burning needs. In respect of this, there is often a search for the products with high values and quality. Consumers do analysis of product performance and quality expectation. Positive variance (such as high quality over perceived product performance) will attract customer satisfaction. There is every tendency that consumption experience precedes the satisfaction of customers relative to product/service-quality performance. Studies (such as Liu & Jang, 2009; Ryu & Han, 2010) have been able to ascertain that product/service quality performance and customer satisfaction can be considered important marketing concerns since they have been confirmed as potential prerequisites of consumer brand loyalty measurements such as repeat sales and positive word-of-mouth.

The search for better value or quality products transcends into rapid adjustment in the business environment; as organizations with effective strategy take over the market. Dirisu, Iyiola, & Ibiidunni (2013) noted that the competition among organizations in the business environments is muscled by the drive to increase market share and meet the customer's needs. Vera (2016) stated that "the use of tactics to boost perceived value or to encourage satisfaction could be associated with different brand strategies and different generic strategies". Differentiation strategy is one of the many strategies that would have been used for marketing goals. The position of this study is that differentiation strategy can explain the satisfaction level of customers in Kogi State. It is fundamental that product with differentiated value can create better experience for the customers; this will actually promote repeated purchase and increased loyalty. The study of Vera (2016) ascertained that differentiation strategy can moderately predict the satisfaction of customers. This calls for investigation in the context of SMEs in Kogi State.

Segmentation strategy reflects demographic, psychographic and geographic variables. According to Schiele (2008), geographic location has a significant influence on firm's profit margin and success. This might be due to availability and proximity of raw materials and labor, proximity to customers and competitors, infrastructure and transportation costs. Nguyen, McCracken, Casavant, and Jessup (2011) conducted a research on geographic location, ownership and profitability of Washington log trucking companies. The research used data from an extensive 2007 log trucking survey. Findings revealed that ownership and geographic location has a significant influence on profitability of the log trucking firm. In addition, firms anchored in clusters to form focal points can achieve, on average, higher productivity than isolated business organizations and consequently they can be more profitable (Nguyen et al, 2011). Delgado (2014) asserts that geographical cluster influences growth of an organization.

Barnard, Kritzinger and Krüger (2011) conducted a research on location decision strategies for improving SMME business performance. The study targeted SMEs in the Nelson Mandela Metropole. Convenience sampling was used to select 175 SMMEs. Questionnaires were used to collect primary data. Findings revealed that there was a positive relationship between location and business performance. This study is also of the position that demographic and psychographic segmentation strategies have effects on the profitability of SMEs.

The study observed numerous gaps in literature. It is observed that there are scanty materials on specialization strategy, differentiation strategy and segmentation strategy. Tracy (2014) was the first to unveil that strategies can be applied to specialization, differentiation and segmentation in the competitive business environment. Meanwhile, Tracy's position is just gaining ground. There are still limited researches to affirm his assertion. For instance, little or no researches were carried out to find out the predictive power of specialization strategy over the market share of SMEs in Kogi State. The same thing applied to the relationship between differentiation strategy and customer's satisfaction of SMEs in Kogi State. This study intends to fill the gaps.

### Methodology

The study adopted descriptive research design. Sekaran & Bougie (2013) noted that the rationale behind this adoption is to answer the what, how and why. Descriptive design was appropriate for this study because it enabled collection of data. The research used quantitative research to gain better knowledge and understanding of the results. Quantitative research relies on deductive reasoning or deduction (Sekaran and Bougie, 2010). The study' universe (also known as the target population) comprised of the SMEs owners. This study targeted SMEs in Kogi State. The population target spread across agriculture, manufacturing, water supply, wholesale/retail trade, accommodation & food services and education sectors. The total population of SMEs is 1,027 (National Bureau of Statistics-Small and Medium Enterprises Development Agency of Nigeria, 2019). Small Enterprises are 1,011 and medium enterprises are 16. It was however ascertained that these are the main registered SMEs in Kogi State.

In choosing the sampling size and securing representative responses, the size of the sample was based on statistical estimation theory considering degree of confidence that is expected from this type of research. There were different models in the literature developed to determine sample size from a given population. For this study, given the population of SMEs in Kogi State (1,027), the research adopted Sallant and Dillman's (1997) method. The sample size of the study was 142.

For this study, multistage random sampling technique was adopted. In multi-stage sampling techniques large clusters of population are divided into smaller clusters in several stages, this will make it easier for primary data collection more manageable. This population of the study was scattered across Kogi State. This study basically used primary data. The primary data were sourced through a well-structured questionnaire. The researcher utilized the questionnaire to obtain information needed on effects of marketing strategies on the performance of SMEs in Kogi State. Interactions were embraced along the survey. This actually serves as quasi-interview. The researcher tried as much as possible to avoid bias in the process. The study used secondary source of information. The study gathered literature from published sources such as journals, conference proceeding, theses, dissertation and

text books. All these were secondary source of information.

A well-structured questionnaire was considered as the most appropriate data collection instruments for this study. However, it was not possible for the researcher to survey all respondents in the State based on the spread of the SMEs; thus the service of research assistants was sought. Also, copies of questionnaires were mailed to respondents. The research assistants were educated on the subject matter and worked in line with the instruction of the researcher. The researcher ensured that the questions posed to all respondents were uniformly phrased, so as to allow objective comparisons of results obtained.

A pilot study was conducted to test-run the practicability of the study and to detect flaws in the data collection process. This helped to discover errors on the issues raised such as ambiguous, instruction or wording, inadequate time limit and measurability of variables defined. Copies of the questionnaire were given to professionals, including senior lecturers and professors, statisticians and some SME owners in Kogi State before the pilot study. The views of the SME owners were considered very important because they form part of the main survey. Thus, it was easy to have prior understanding of the subject matter before the main survey. Fifty copies of the questionnaire were used for the pilot study. The questionnaires were distributed twice on different occasions. The filled questionnaires were checked side-by-side.

In this case, performance of SMEs was regressed on the set of explanatory variables (predictors). The coefficient of the variables measured the marginal effects of the independent variables on performance measured by market share, customer's satisfaction and profitability in this aspect of the study. The general form for the model in the work is given as:

Objective One: The coefficient of the variables measured the marginal effects of the independent variables on performance measured with market share of SMEs in this aspect of the study. The general form for the model in the work is given as:

$$MSS = a + \beta_1PDS_1 + \beta_2PMS_2 + \beta_3PCS_3 + e \dots \dots \dots (2)$$

Where, MSS = Dependent Variable (Market Share); a = Constant; PDT = Product Strategy  
 PMN = Promotion Strategy; PCS = Price Strategy;  $\beta_1, \beta_2, \beta_3$  are regression coefficients which determine the contribution of the independent variables, e = residual or stochastic term (which reveals the strength of  $\beta_1PDS_1, \beta_2PMS_2, \& \beta_3PCS_3$ ; if e is low, this implies that the amount of unexplained factors is low, then the residual R and  $R^2$  will be high and vice versa. A priori,  $\beta_1 > 0; \beta_2 > 0; \beta_3 > 0; \beta_4 > 0$

$$PFS = a + \beta_1DGS_1 + \beta_2GCS_2 + \beta_3PCS_3 + e \dots \dots \dots (4)$$

Where, MSS = Dependent Variable (Profitability); a = Constant; DIS =Demographic-inclined Strategy; GIS =Geographic-inclined Strategy; PIS = Psychographic-inclined Strategy;  $\beta_1, \beta_2, \beta_3$  are regression coefficients which determine the contribution of the independent variables; e = residual or stochastic term (which reveals the strength of  $\beta_1DIS_1, \beta_2GIS_2, \& \beta_3PIS_3$ ; if e is low, this implies that the amount of unexplained factors is low, then the residual R and  $R^2$  will be high and vice versa. A priori,  $\beta_1 > 0; \beta_2 > 0; \beta_3 > 0; \beta_4 > 0$

**Results and Discussions**

**H<sub>1</sub>:** Specialization strategy has no significant effect on performance of SMEs in Kogi State.

Table 4.1a: Model Summary on specialization strategy and performance of SMEs

Model	R	R Square	Adjusted R Square	Std. Error
1	.774 <sup>a</sup>	.599	.597	.64023
2	.784 <sup>b</sup>	.615	.610	.62976

Predictors in the Model: Promotion strategy , Price strategy  
 Dependent Variable: Performance

Source: Field Survey, 2021

Table 4.1a shows the effect of two variables (promotion strategy and price strategy) on performance of SMEs in Kogi State. The adjusted R-squared compares the goodness-of-fit for the regression models that contain differing numbers of the independent variables (promotion strategy- 0.597 and price strategy - 0.610).The result of the coefficient of determinations shows that promotion strategy ( $R^2= 0.599$ ) and price strategy ( $R^2= 0.615$ ) have explanatory power over the performance of SMEs in Kogi State. It is seen that

59.9% variation in the performance of SMEs in Kogi is explained by promotion strategy and 61.5% variation in the performance of SMEs in Kogi State is explained by price strategy. The unexplained variations (relative to promotion strategy- 40.1% and price strategy-38.5%) show that there are other variables that can predict performance of SMEs in Kogi State. Invariably, the coefficient of determinations ( $R^2$  value) proved that these variables have strong effects on performance of SMEs in Kogi State.

Table 4.1b: ANOVA on specialization strategy and performance of SMEs

Model		Sum of SQ	Df	Mean Square	F	Sig.
1	Regression	85.854	1	85.854	209.453	.000 <sup>b</sup>
	Residual	57.385	140	.410		
	Total	143.239	141			
2	Regression	88.112	2	44.056	111.085	.000 <sup>c</sup>
	Residual	55.127	139	.397		
	Total	143.239	141			

Predictors in the Model: Promotion strategy , Price strategy  
 Dependent Variable: Performance

Source: Field Survey, 2021

Table 4.1b shows the levels of variability within the regression models and forms the basis for tests of significance. The ANOVA table also reports

that using the model is better than guessing the mean. The mean square residual values (0.410for promotion strategy and 0.397 for price strategy)

are smaller, indicating less deviation between the observed and fitted values. The *P*-value for the *F* test statistic (209.453 for price strategy and 111.085 for promotion strategy) are less than 0.001, providing strong evidence against the null

hypotheses. The coefficient of determination (in table 4.2.1a) for promotion strategy ( $R^2= 0.599$ ) and price strategy ( $R^2= 0.615$ ) indicate significant effects on performance of SMEs in Kogi State.

Table 4.1c: Coefficient on specialization strategy and performance of SMEs

Model		Unstand Coeff		Std Coef	T	Sig.	Collin. Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.984	.099		9.963	.000		
	Promotion strategy	.657	.045	.774	14.472	.000	1.000	1.000
2	(Constant)	1.068	.103		10.337	.000		
	Price strategy	.767	.064	.904	11.957	.000	.485	2.063
	Price strategy	-.153	.064	-.180	-2.386	.018	.485	2.063

Dependent Variable: Performance

Source: Field Survey, 2021

Table 4.1c shows the coefficients of the variables and the performance of SMEs in Kogi State. The coefficient of promotion strategy (unstandardized beta- 0.657) shows a positive relationship with the performance of SMEs in Kogi State. The coefficient of promotion strategy (standardized beta- 0.774; p-value = 0.01) shows greater contribution to the performance of SMEs in Kogi State. The promotion strategy has high coefficient than the price strategy; given the promotion strategy (unstandardized beta-0.767) and the price strategy (unstandardized beta- -0.154).It is seen also that promotion strategy has more contribution to the performance of SMEs

compared to price strategy; given the promotion strategy (standardized beta- 0.904; p-value = 0.01) and the price strategy (standardized beta- -0.180; p-value = 0.01). The inclusion of price strategy in the model made promotion strategy to have increased positive contribution; leaving price strategy to enter the model with negative sign. The result proves that price strategy has negative relationship with the performance of SMEs.

**H<sub>2</sub>:** There is no significant relationship between differentiation strategy of SMEs and customer’s satisfaction in Kogi State.

Table 4.2: Correlations between differentiation strategy of SMEs and customer’s satisfaction

Variables	N	Pearson Correl	P-value	Decision
Perceived product quality	142	.958**	0.01	Accept
Product content matches the expectation of consumers	142	.687**	0.01	Accept
The operation process of the enterprises has element of strategy implementation	142	.812**	0.01	Accept
The operation process of the enterprise is structured in a way to achieve long term goal	142	.896**	0.01	Accept
The enterprises consistent engage in innovation	142	.850**	0.01	Accept
The enterprise use innovativeness as a strategy in marketing	142	.722**	0.01	Accept

Source: Field Survey, 2021

Table 4.2 shows that when there is perceived product quality the customer satisfaction seems to respond positively (given that  $\beta= 0.958$ ; p-value= 0.01). This implies that 95.8% change in perceived product quality will lead to

corresponding proportional change in customer satisfaction. The more the perceived quality of a product the more the satisfaction of customers will be. The result reveals that the relationship between perceived product quality and customer

satisfaction is significant and positive. The table shows that when product content matches the expectation of consumers the customer satisfaction will respond in the same direction (given that  $\beta = 0.687$ ;  $p\text{-value} = 0.01$ ). This implies that 68.7% change in expected product content will bring about almost the same change in the customer satisfaction. Increased product content will lead to increased customer satisfaction. The result reveals that the relationship between expected product content and customer satisfaction is significant and positive.

The table reveals that when the operation process of the enterprises has increased element of strategy implementation the customer satisfaction will rise simultaneously (given that  $\beta = 0.812$ ;  $p\text{-value} = 0.01$ ). This implies that 81.2% change in strategic operation process will lead to about 81.2% change in customer satisfaction. The result proves that there is significantly positive relationship between strategic operation process and customer satisfaction.

The table indicates that when there is increased effort towards structuring operation process in a way to achieve long term goal the customer satisfaction will respond sharply (given that  $\beta = 0.896$ ;  $p\text{-value} = 0.01$ ). This implies that 89.6% change in effort towards structuring operation process will lead to about 89.6% change in customer satisfaction. Empirical investigation

proves that there is significantly positive relationship between effort towards structuring operation process and customer satisfaction.

The table shows that when the enterprises consistently engage in innovation the customer satisfaction will react immediately (given that  $\beta = 0.850$ ;  $p\text{-value} = 0.01$ ). This implies that 85% change in enterprises' consistent engage in innovation will bring about almost 85% change in customer satisfaction. The result empirically provides that the relationship between enterprises' consistent engage in innovation and customer satisfaction is significant and positive.

The table reveals that when enterprises increasingly use innovativeness as a strategy in marketing, there is possibility of increased customer satisfaction (given that  $\beta = 0.722$ ;  $p\text{-value} = 0.01$ ). This implies that 72.2% increase in enterprises' use of innovativeness as a strategy in marketing will lead to about almost 72.2% increase in customer satisfaction. The result shows that there is a significantly positive relationship between enterprises' use of innovativeness as a strategy in marketing and customer satisfaction.

**H<sub>3</sub>:** Segmentation strategy has no significant influence on the performance of SMEs in Kogi State.

Table 4.2 a: Model Summary on segmentation strategy and performance of SMEs

Model	R	R Square	Adjusted R Square	Std. Error
1	.850 <sup>a</sup>	.722	.720	.53308
2	.907 <sup>b</sup>	.822	.819	.42849
3	.918 <sup>c</sup>	.843	.840	.40378
Predictors: (Constant), demographic-inclined strategy, geographic-inclined strategy, psychographic-inclined strategy				
Dependent Variable: Performance				

**Source:** Field Survey, 2021

Table 4.2.3a shows the effect of three variables (demographic-inclined strategy, geographic-inclined strategy and psychographic-inclined strategy) on performance of SMEs in Kogi State. The adjusted R-squared compares the goodness-of-fit for the regression models that contain differing numbers of the independent variables (demographic-inclined strategy- 0.720, geographic-inclined strategy-0.819 and psychographic-inclined strategy- 0.840). The

result of the coefficient of determinations shows that demographic-inclined strategy ( $R^2 = 0.722$ ), geographic-inclined strategy ( $R^2 = 0.822$ ) and psychographic-inclined strategy ( $R^2 = 0.843$ ) have strong explanatory power over performance of SMEs in Kogi State. It is seen that 72.2% variation in the performance of SMEs in Kogi is explained by demographic-inclined strategy; 82.2% variation in the performance of SMEs in Kogi is explained by geographic-inclined strategy

and 84.3% variation in the performance of SMEs in Kogi State is explained by psychographic-inclined strategy. The remaining unexplained variations (by demographic-inclined strategy-27.8%; geographic-inclined strategy- 17.8% and psychographic-inclined strategy-15.7%) show that

there are other variables that can predict performance of SMEs in Kogi State. Invariably, all the coefficient of determinations ( $R^2$  value) proved that these variables have strong effects on performance of SMEs in Kogi State.

**Table 4.2c: Coefficient on segmentation strategy and performance of SMEs**

Model		Unstd Coefficients		Std Coef	t	Sig.	Collin Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.580	.095		6.092	.000		
	Demographic-inclined strategy	.737	.039	.850	19.080	.000	1.000	1.000
2	(Constant)	.135	.092		1.473	.143		
	Demographic-inclined strategy	.471	.043	.543	10.867	.000	.514	1.947
	Geographic-inclined strategy.	.483	.055	.440	8.814	.000	.514	1.947
3	(Constant)	.097	.087		1.123	.263		
	Demographic-inclined strategy	.720	.071	.831	10.155	.000	.170	5.884
	Geographic-inclined strategy.	.582	.057	.530	10.295	.000	.429	2.331
	Psychographic-inclined strategy.	-.326	.076	-.385	-4.305	.000	.142	7.038

Dependent Variable: Performance

**Source:** Field Survey, 2021

Table 4.2c shows the coefficients of the variables and the performance of SMEs in Kogi State. The coefficient of demographic-inclined strategy (unstandardized beta- 0.737) shows a positive relationship with the performance of SMEs in Kogi State. The coefficient of demographic-inclined strategy (standardized beta- 0.850; p-value = 0.01) shows greater contribution to the performance of SMEs in Kogi State. The demographic-inclined strategy has low coefficient than the geographic-inclined strategy; given the demographic-inclined strategy (unstandardized beta-0.471) and the geographic-inclined strategy (unstandardized beta- 0.483).It is seen that demographic-inclined strategy has more contribution to the performance of SMEs

compared to geographic-inclined strategy; given the demographic-inclined strategy (standardized beta- 0.543; p-value = 0.01) and the price strategy (standardized beta- 0.440; p-value = 0.01). The results prove that both demographic-inclined strategy and geographic-inclined strategy have positive relationship with the performance of SMEs in Kogi State.

Finally, the results in table 4.2.3c show that demographic-inclined strategy also has the highest coefficient (unstandardized beta- 0.720) compared with geographic-inclined strategy (unstandardized beta- 0.582) and psychographic-inclined strategy (unstandardized beta- -0.326). Demographic-inclined strategy has the highest

contribution to the performance of SMEs in Kogi State; given the demographic-inclined strategy (standardized beta- 0.831; p-value = 0.01); the geographic-inclined strategy (standardized beta- 0.530; p-value = 0.01) and psychographic-inclined strategy (standardized beta- -0.385). The result proves that psychographic-inclined strategy has negative relationship with the performance of SMEs in Kogi State

Finding shows that specialization strategy (promotion strategy and price strategy) has effect on performance of SMEs in Kogi State. Both promotion strategy and price strategy have strong effects on performance of SMEs in Kogi State. This is sequel to the fact that the coefficient of determinations ( $R^2$ ) is above 50%. On individual ground, promotion strategy has positive relationship with the performance of SMEs in Kogi State. This supports the position of Ghouri et al. (2011) that SMEs promotion strategy will facilitate increased market share. The inclusion of price strategy made promotion strategy to have increased positive contribution; leaving price strategy to enter the model with negative sign. This aligns with the assertion of Porter (1980) that two strategies cannot be combined effectively. Empirical evidence provides that price strategy has negative relationship with the performance of SMEs. This finding advances that of Gbolagade, Adesola, & Oyewale (2013) that price significantly predicts business performance. This is because the finding of this study is able to specify the linear relationship between price strategy and business performance.

The relationship between differentiation strategy of SMEs and customer's satisfaction was empirically investigated. The components of differentiation strategy were individually related with customer's satisfaction. Finding shows that customer's satisfaction is bound to increase sequel to perceived increase in product quality. This finding advances that of Apuke (2016) that 84.6% of customers patronize product because it offers satisfaction. Most importantly, a strong and significantly positive relationship was found between perceived product quality and customer's satisfaction. Change in expected product content has corresponding implication on customer satisfaction. Finding shows that increasing product content will cause increasing customer satisfaction. This may imply that the relationship between expected product content and customer

satisfaction is positive. However, the positive relationship appears to be significantly positive.

The operation process is a significant phase of SMEs' differentiation strategy in Kogi State. Empirical investigation validated that change in strategic operation process will bring about change in customer satisfaction. The finding reveals that there is significantly positive relationship between strategic operation process and customer satisfaction. This clarifies the finding of Amar (2016) that the strategy of product differentiation affects operational performance. The finding of this present study is able to prove that operation process is captured in product differentiation strategy. Effort towards structuring operation process was also found to be relating with customer satisfaction. The relationship between effort towards structuring operation process and customer satisfaction is discovered to be significantly positive.

Finding shows that when SMEs consistently engage in innovation the customer satisfaction will react spontaneously. The relationship between SMEs' consistent engagement in innovation and customer satisfaction is strong and significantly positive. This supports the finding of Jatau & Saidu (2018) that innovative marketing strategy has significant effect on customer satisfaction. The present study reveals that increase in the use of innovative strategy will significantly result into increase in customer satisfaction.

The empirical investigate shows the predictive power of segmentation strategy over performance of SMEs in Kogi State. The segmentation strategy was decomposed into demographic-inclined strategy, geographic-inclined strategy and psychographic-inclined strategy. Finding shows that demographic-inclined strategy, geographic-inclined strategy and psychographic-inclined strategy have strong effects on the performance of SMEs in Kogi State. Demographic-inclined strategy has high contribution to the performance of SMEs in Kogi State on individual ground. Its contribution decreased (to about 54.3%) given the inclusion of geographic-inclined strategy. This also proved Porter (1980) to be right that no two strategies should be combined. Despite the inclusion, demographic-inclined strategy has more significant contribution compared with geographic-inclined strategy. It was discovered that psychographic-inclined strategy has negative



relationship with the performance of SMEs in Kogi State. This may be as a result of its combination with two other strategies.

### **Conclusion**

It was discovered from the study that specialization strategy (promotion strategy and price strategy) has effect on performance of SMEs in Kogi State. Promotion strategy has significant and positive relationship with the performance of SMEs in Kogi State, while price strategy has significant and negative relationship with the performance of SMEs. It was also discovered from the study that customer's satisfaction has significant positive relationship with product quality; product content has significant positive relationship with customer satisfaction; operation process has significant positive relationship with customer satisfaction; and innovation has significant positive relationship with customer satisfaction.

Finally, it was discovered that segmentation strategy has predictive power over performance of SMEs in Kogi State. Demographic-inclined strategy, geographic-inclined strategy and psychographic-inclined strategy have strong effects on the performance of SMEs in Kogi State. The contributions of demographic-inclined strategy and geographic-inclined strategy are positive while Psychographic-inclined strategy has significantly negative relationship with the performance of SMEs in Kogi State.

Marketing strategy has different dimensions; some of which have been lacking research attention. This study took advantage of this to scientifically verify the explanatory power of specialization strategy, product differentiation strategy and segmentation strategy. Specialization strategy encapsulates establishing a plan for persuading target consumers to buy a product or service, generating market leadership, and creating strong customer relationship. The specialization strategy also takes care of how the best price is tagged to remain relevant in the competitive environment. If promotion strategy and price strategy is combined, promotion will have positive effect on the performance of SMEs in Kogi State, and price will have negative effect on the performance of SMEs. On the individual ground, the adoption of promotion strategy or price strategy may yield desired performance outcome.

The differentiation strategy of SMEs has to do with creating values for consumers in a distinctive manner through best approaches that rivals did not adopt. The strategy involves focus on product quality, product content, operation process, and innovation. When SMEs focus on differentiation strategy (product quality, product content, operation process, and innovation) customers' expectations will be met. Empirical study validates that increasing effort in these aspects will lead to increasing customer's satisfaction.

The segmentation strategy of SMEs divides the consumers into groups based on demographic, geographic and psychographic characteristics. Demographic-inclined strategy, geographic-inclined strategy and psychographic-inclined strategy have strong effects on the performance of SMEs in Kogi State. When the demographic-inclined strategy of SMEs adequately captures age, gender, income, occupation, marital status, social class, religion and education level of consumers, performance will increase. The empirical investigation has proven that demographic-inclined strategy has positive contribution to the performance of SMEs. Also geographic-inclined strategy (with respect to location or region) has positive contribution to the performance of SMEs. Carving a niche markets based on psychographics may not yield satisfactory performance outcomes for SMEs in Kogi State. This is because the attitudes, value and interests of consumers in Kogi State changes almost rapidly. This present study has empirically proven that psychographic-inclined strategy has significantly negative relationship with the performance of SMEs in Kogi State.

The study makes the following recommendations that: SME owners should adopt effective specialization strategy to sustain increasing performance in Kogi state. SME owners should ensure that both promotion strategy and price strategy are not combined together as this can cause varying performance outcomes. The combination of the two will lead to promotion having positive effect and price having negative effect on performance of SMEs in Kogi State. SME owners should focus their differentiation strategy on product quality, product content, operation process, and innovation so as to enhance increased customer's satisfaction. The concentration on these areas will engineer creation of improved values for consumers in a distinctive manner, and thereby meets customers'

expectations. SME owners and policy makers should focus their segmentation strategy more on demographic and geographic characteristics. Demographic-inclined strategy and geographic-inclined strategy will boost the performance of SMEs in Kogi State. Meanwhile, less attention should be given to psychographic-inclined strategy as it will negatively relate with the performance of SMEs in Kogi State.

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