

PRODUCT QUALITY POSITIONING AND REFERRAL OF FOOD SPICES DEALERS IN PORT HARCOURT

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ABSTRACT

This study examined the relationship between product quality positioning and referral of food spices dealers in Port Harcourt. The correlational survey research design was adopted on a population consisted of food spices customers in Port Harcourt with a sample size of 374 loyal customers. The sample size was determined mathematically using the Taro Yamen's formula. A structured questionnaire was used mainly to collect data and the data gathered was analyzed using Mean, Standard Deviation and the Spearman Rank Correlation. The empirical results succinctly demonstrate that with respect to food spices, product quality positioning was found to have a positive and significant relationship with referral. Based on these results, it was concluded that product quality positioning has positive and significant relationship with the food spices should adopt product quality positioning strategies as it would enhance customer referral to their brand.

Keywords: Product Quality Positioning, Referrals, Food Spices Dealers

INTRODUCTION

Nigerian companies particularly those whose customers have switched to other competing firms can use product positioning strategy to recapture their customers and increase loyalty. When a company adopts a positioning strategy, it will go a long way in building trust and customer loyalty (Reibstein, 2010). However, for a brand to occupy a strong position in the minds of the consumers, the product must be perceived by the consumers as being unique i.e. on the basis of its attributes, quality, benefit, reliability, or price. Once the product has occupied a strong and distinct position in the minds of the consumers, they (consumers) will remain loyal to the brand as long as the company will continue to deliver the same quality each and every time. Any attempt to deviate from the usual expectation or quality, the product will quickly ease from the customers' minds and customers will switch to other competing brands that give them maximum satisfaction. It is against this background that this study intends to examine the relationship between product positioning and customer loyalty of food spices dealers in Port Harcourt.

In marketing operations, Referral refers to process of promoting products or services to new customers through referrals, usually word of mouth. Referral often happens spontaneously, but businesses can influence this through appropriate strategies. In marketing, referral refers to process to encourage and significantly increase referrals from word of mouth, perhaps the oldest and most trusted marketing strategy. This can be accomplished by encouraging and rewarding customers, and a wide variety of other contacts, to recommend products and services from consumer brands, both online and offline. Online referral in marketing is the internet-based, or Software as a Service (SaaS) approach to traditional referral marketing by tracking customer behavior online through the use of web browser cookies and similar technology. Online referral marketing can potentially increase brand awareness, referrals and ultimately revenue

Research Hypothesis

H₀₁: There is no significant relationship between product quality positioning and repeat purchase of food spices dealers in Port Harcourt

Quality Positioning

Some companies attempt to position their product on the basis of quality. Banat & Wandebori (2012) defined quality as the ability of a product to fulfill customer's needs and expectations. Most

consumers judge the quality of product based on its ability to meet their needs and expectations. When a product meets customers' needs and expectations, the product will be considered to be of high quality but when the product fails to meet 'customers' needs and expectations, the product will be described as low quality. Quality of a product in the nut shell is the ability of the product to meet customer needs and expectations (Levi, 2007).

Quality is an important basis for positioning a brand in the market. It helps to differentiate a product from other brands in a competitive market (Begum & Sarala, 2016). Shivashankar & Uma (2017) noted that some companies use quality parameter to position their brands in the minds of their customers. For instance, BMW and Mercedes are among the automobile brands, which are known for quality cars. Nazmul et al (2012) also reported that Lux food spices positions their brand in the market on the basis of its quality. Other spices brand such as, Knorr spices emphasize their commitment to quality in their slogan. Kamau & Wafula (2015) argued that most companies that embrace quality position strategy believe that the quality of their product is what will successfully distinguish them from their competitors.

Reibstein (2010) posited that successful companies tend to attract more customers to their product by improving the quality of the product through innovation. They believe that continuous improvement in the quality of their product will help to sustain their customer base and attract new customers which will consequently increase the market share of the company. Companies that use quality parameter to position themselves in the market often emphasize quality in their business name (Lauga, 2011). They often say that their company is committed to quality and that 'it is the quality which customers know them for that distinguish them from their rivals. Hartmann, Apaolaza & Sainz (2002) posited that most companies that position their product on the basis of quality usually narrow their focus to certain area of expertise. They focused all their energy in one area which makes them to be branded as a trusted specialist in that area. Begum & Sarala (2016) noted that a specialist is often known for higher quality. Building a right perception of quality helps a brand to succeed in the market. As Gonzalez-Benito et al (2012) stated, quality perception lies in the consumers' minds and it is only the consumers that can tell of the quality of a brand through their action and behaviour.

Referral:

Many platforms allow organizations to see their referral marketing return on investment (R01), and to optimize their campaigns to improve results. Many of the newest systems provide users with the same experience whether they are on a desktop or mobile device. Offline referral marketers sometimes use trackable business cards. Trackable business cards typically contain QR codes linking them to online content for sale while providing a way to track that sale back to the person whose card was scanned. Online referral marketing focuses on interactions between customers, the internet is a common channel for referral-based marketing. It delivers abundant outlets for customers to share opinions, product and experiences, including the company's website and through social media such as LinkedIn, Face book, Twitter, and Google. The marketers can encourage the referring parties by providing pre- scripted messages. Advocates can provide their family members and friends with personalized links including unique referral codes and advertisement information through e-mails, blogs and instant messages. The company can give rewards to advocates when members and friends buy through the link (Berry, 2014).

Theoretical Framework

The theoretical framework of analysis adopted in this study is the attitude theory developed by Fishbein and Rosenberg in 1972. This theory explains that the attitude of a consumer towards a product determines the position of that product in the mind of that consumer. According the theory, a person's attitude towards a product influences his or her behaviour. The theory explains that a company can influence consumer attitudes in favour of its product by adjusting certain characteristics of the product to suit the target audience. Thus, when a company has been able to gain a positive or favourable attitude towards its product, the brand will enjoy good image in the market as consumers would place the brand in a distinct position in their minds. However, a

product's position in the consumer's mind can be determined combined features of the product such as the quality, design, colour, flavor, durability, reliability, as well as the price. The consumer attaches importance to each of these attributes and used them to position a product in their mind. A company can also use various means including promotion and innovation to change consumer attitudes towards its brand and reposition the product in the minds of the consumers.

The theory of attitude is more suitable for this study because it gives a proper explanation on how consumer attitudes influence the position of a product in the market. When a consumer has a favourable attitude towards a product, it means that the product occupies a distinct position in the mind of that consumer and the consumer will remain loyal to the brand despite the presence of other competing brands in the market. On the contrary, if the consumer has an unfavourable attitude towards a product, it means that such product does not have a place in the consumer's mind and as such the consumer cannot be loyal to the brand. This implies that the attitude of consumers towards a product determine the place of that product in the market. For this reason, companies strive to improve their products through innovation to attract a positive or favourable attitude towards it with a view to position the product in the minds of the consumers.

Research Design

The design of the study was correlational survey research. According to Price, Jhangiani & Chiang (2010), correlational survey research is a type of non-experimental research in which the researcher measures two variables and assesses the statistical relationship between them with little or no effort to control extraneous variables. The present study adopted correlational research design because the researcher intends to measure the relationship between product positioning and customer loyalty.

Population of the study

The population of this study consisted of customers of food spices in Port Harcourt. The population of Knorr spices customers in Port Harcourt is unknown as there is no available record to show the exact number of Knorr spices customers in Port Harcourt. Hence estimated population was used for the study. According to Brian in Nwankwo (2013), if the population is unknown, the researcher should provide a marginal estimate of that population.

Marginal estimate of a population according to Brian in Nwankwo (2013) is a population size (in figures) which may differ from the -exact population size by being either very slightly higher or lower than the exact population size. Following Brian's advice, we provided a marginal estimate population of 5,852 Knorr spices customers within the age bracket of 18-40 years. The population was drawn from Port Harcourt city where the product is in large circulation.

Sample and Sampling Technique

The sample size of this study consisted of 374 loyal customers of food spices in Port Harcourt. The sample size was determined mathematically using the Taro Yamen's formula. The sample size was drawn from Port Harcourt City using random sampling technique. The simple random sampling is a probability sampling method that gives every sampling unit in a population an equal chance of being selected among the sample to be used for the study (Baridam, 2001). By adopting the simple random sampling, it meant that each of the sampling unit in the population have equal chance of being selected. This method of sampling is considered appropriate because it ensured that all the Knorr spices customers had equal opportunity of being selected among the sample (374 respondents) to be used for the study.

Instrumentation

The main instrument used for data collection in this study was a structured questionnaire which was developed by the researcher. The questionnaire was divided into two sections (A and B). Section A elicited personal information such as the respondents' sex, marital status, age, occupation, educational qualification, etc, while section B sought information on the variables of interest. Section B have 327 items of which item 1-7 elicited information on attributes positioning; item 8-13 sought

information on quality positioning; item 14-19 obtained information on benefit positioning; item 20-26 gathered information on price positioning; while item 27-32 sought information on customer loyalty. The questionnaire was structured on four (4) points Likert—type scale such as Strongly Agree, Agree, Disagree, Strongly Disagree. Numerical values were also assigned to each of the scale to show their weight such as Strongly Agree (4), Agree (3), Disagree (2) and Strongly Disagree (1). The idea that was used in developing the instrument was derived from literature based on the demands of the research questions and hypotheses.

Validity of the Instrument

The instrument was validated by the researcher's supervisor and two other experts in the Department of Marketing, School of Post Graduate Studies, Ignatius Ajuru University of Education. These experts evaluated the content of the instrument with respect to its relevance to the topic, ambiguity of the statements, clarity of language as well as adequacy of the items ensure the authenticity of the instrument. Their comments and suggestions was carefully effected in the final draft before subjecting the instrument to further reliability test.

Reliability of the Instrument

To determine the reliability of the instrument, the test-retest method was applied. The instrument was administer to a sample of twenty (24) loyal customers to food spices who were not part of the research sample but were part of the study population. After a period of two (2) weeks, the same copies of the instrument was re-administered to the same persons. Their responses at the two intervals was correlated using the Pearson's Product Moment Correlation statistic.

Administration of the Instrument

The researcher personally administered the instrument to the respondents (loyal customers to food spices) in Port Harcourt. Before the administration process, the respondents was educated on the objective of the exercise and the reasons why they should offer sincere opinion on the subject matter. After which the researcher proceeded to produce 374 copies of the instrument (questionnaire) which was administered to the respondents.

Methods of Data Analysis

The data gathered from the questionnaire was analyzed using Mean, Standard Deviation and the Spearman Rank Correlation. Mean and Standard Deviation was used to analyze the questionnaire items with respect to the study variables. A criterion mean of 2.50 was set.

Results

Hypothesis One

H₀₁: There is no positive and significant relationship between quality positioning and referral

Correlation between quality positioning and referral

| | | | Quality Positioning | Referral |
|---------------------|---------------------|-------------------------|---------------------|----------|
| Spearman Rank (rho) | Quality Positioning | Correlation Coefficient | 1.000 | .808* |
| | | Sig. (2 tailed) | | .002 |
| | Referral | N | 374 | 374 |
| | | Correlation Coefficient | .808* | 1,000 |
| | | Sig. (2 tailed) | .002 | |
| | | N | 374 | 374 |

**Correlation is significant at 0.01 levels (2 tailed)

*Correlation is significant at 0.05 levels (2 tailed)

Source: SPSS-generated Output

Table above presents the result of SPSS correlation analysis carried out on quality positioning and referral. The result of the correlation analysis showed that quality positioning has a positive correlation with referral ($\rho = .809^*$) and that this correlation is significant at 0.05 level. Consequently, the null hypothesis is rejected and the alternate hypothesis is accepted. This means that we then accept that there is positive and significant relationship between quality positioning and referral.

CONCLUSION

This study examined product quality positioning and repeat purchase using food spices as a case study. The empirical results succinctly demonstrate that with respect to food spices, product quality positioning was found to have a positive and significant relationship with referral.

RECOMMENDATIONS

Based on the above findings and conclusions, the following recommendations are made:

That, manufacturing companies in Nigeria especially those in the food spices making industry should adopt product quality positioning strategies as it would enhance referral.

That, food spices making companies especially those who intends to adopt product quality positioning strategies should first of all conduct a market research to determine the current position of their product in the market as this would enable them formulate effective marketing strategies that will help to position their product in the minds of the consumers.

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