

CONCEPTUALIZING THE IMPACT OF PRODUCT POSITIONING AND CUSTOMER LOYALTY OF FOOD SPICES DEALERS IN PORT HARCOURT

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ABSTRACT

The aim of the study was to examine the relationship between product positioning and customer loyalty of food spices dealers in Port Harcourt. This study examined product positioning and customer loyalty using Food spices as a case study. It was concluded that product positioning has positive and significant relationship with customer loyalty. Therefore the study recommends that marketers of spices should carry out market analysis few months after launching a new brand into the market as this would help to determine the position of the brand in the minds of the consumers and also to ascertain if there is any need to take steps to reposition the product.

Keywords: *Product Positioning, Quality Product, Product Attribute, Price, Customer Loyalty*

INTRODUCTION

The major challenge confronting manufacturers of food spices in Nigeria is how to increase customer loyalty to their brand. The food spices industry in Nigeria is highly competitive due to the large number of spices brands in the market. The different brands of food spices such as Knorr spices, mr chef, maggi, spice city, ongar, etc are competing for the consumers' income and as such it becomes imperative to determine the position of knorr spices brand in the minds of the consumers.

Knorr spices performs similar functions as other spices and as such the manufacturer of this brand wants to increase customer loyalty to their brand in the face of severe competition.

Given the intense competition among food spices firms, every marketer of spices is making efforts to dominate the market by adding different features and quality to their product. Some of them have introduced newly improved formula which helps to remove top stain faster, as well as different sizes of their product with each size having a price that enables customers purchase the size which suits their capacity. Just recently, the marketer of Food spices announced that they have introduced a newly improved formula containing Stain. (This is not about food spices)

Onion flavor that makes the food taste real good. The marketer of this food spices also launched a new pack upgrade with glossier and trendier look with its premium status. These developments were undertaken to position the product(which product is being referred to? It appears there is a disjoint from the beginning of this paragraph) in the minds of the consumers with a view to achieve customer loyalty. Others spices brands such as knorr, maggi cube, onga, royco etc have followed suit by introducing newly improved formula that help to season food. Ever since these developments were made, it is not yet certain what position the food spices occupies in the minds of the consumers neither do we know the extent of customer loyalty to the brand as empirical studies are yet to be conducted in this area. There is urgent need to fill this gap in literature. It is in view to fill this gap in literature that prompted the researcher to embark on this study.

Concept of Product Positioning

Product position is defined as the position of a product relative to competing products in the minds of customers (Nazmul et al, 2012). Hickey (2017) defined product positioning as the image that a product has in the mind of a consumer. It denotes how consumer feels about a product in relation to other competing brands (Kongalla, 2013). Reibstein (2010) described positioning as the process marketers use to create an image or perception of their offering. It involves gathering information

or data about how consumers perceive their product in the market. The aim is to ascertain whether or not the product occupies a distinct position in the minds of the target audience (Levi, 2007). Product positioning is all about visibility and recognition as the position of a product is what the product represents to a buyer while to the business it is targeting (Wikipedia, 2017). It is based on the way consumers compare one product against alternate products (Hickey, 2017). Consumers usually establish a position for a product based on its reliability and prestige. However, companies need to determine the current position of their products in the market in relation to other competing brands. This is based on the fact that such knowledge and information will enable the company formulate a marketing strategy that would ensure that their product occupies a distinct position in the minds of the consumers (Kongalla, 2013).

There are several ways in which a company can determine the current position of its product in the market. Some firms usually assess their product position by comparing the physical characteristics of the product (weight, size, etc.) to competitors' offerings. This is wrong because it does not give a true picture of current position since positioning is something (perception) that happens in the minds of the consumers (Lamb, in Wikipedia, 2017). Even though the physical characteristics of a product can be designed to achieve a particular position in the market, consumers may attach less importance to some of those characteristics, or perceive them differently, than the firm expects (Nazmul et al, 2012).

However, Nazmul et al (2012) identified four steps to assess the current position of a product in relation to competitors' offerings. These include:

- Identification of a set of determinant product attributes.
- Collecting information from a sample of customers about their perception.
- Analysis of intensity of the product's current position in customers mind.
- Determination of products current position in the product space.

Although Nazmul and his colleagues are right about the steps outlined above but much emphasis need to be placed on information gathering from customers. According to Gonzalez-Benito, Martos-Paital, & de Salamanca (2012), gathering information from the field is the best way for companies to determine the position of their products in the consumers' minds. This is because positioning takes place in the consumers' minds and as such consumers are in the best position to state what they think about the product in relation to other competing brands. Gonzalez-Benito et al (2012) further stated that companies need to periodically conduct surveys to know the position of their product in the minds of the target group as this is crucial for strategic decision making. Regular survey will help companies to determine the current position of their product in the market and make in-depth analysis of the product current position in the market.

Customer Loyalty

Generally, loyalty is defined as the selling frequency or the relative volume of purchases from the same branch. According to the theory of Jacob and Kameez, loyalty takes form on the basis of behavioral reactions (not randomly) and is used by decision-making units, over time, as part of a person, family or organization (Beerli & et al, in Doostdar, Rad & Alizadeh, 2013). Loyal customers, from cost perspective tend to stay longer with the preferred providers, buy more and generate favourable word-of-mouth effect that may further benefit the preferred provider (Reicheld & Kenny, in Oyeniyi & Joachim, 2008). Furthermore, long-term customers tend to take less of company time and are, somehow less sensitive to price (Gan et al., in Oyeniyi, & Joachim, 2008).

Customer loyalty can reduce marketing costs, attract more customers, and be effective in business (Doostdar, Rad & Alizadeh, 2013). In addition, loyal customers promote the products by word of mouth and counteract rival strategies (Doostdar, Rad & Alizadeh, 2013). Castro & Armario in Doostdar, Rad & Alizadeh (2013) suggest that loyal customers not only raise the value of the trade but also make it possible for the trade to reduce its costs for attracting new customers.

Customer loyalty is one of the key factors that can help a company achieve long-term success (Andres, in Adeleke, & Aminu, 2012). Customer loyalty provides the foundation for a company's

sustained competitive edge (Adeleke, and Aminu, 2012). The significance of customer loyalty is that it is closely related to the company's continued survival and to strong future growth (Fornell, in Adeleke, and Aminu, 2012). Customer loyalty can make the organization achieve revenue and market share growth and cost shrinkages, as the expenses associated with acquiring and establishing relationships with new customers and replacing old ones declines. As costs go down and revenue goes up, profit increases as a third-order effect of loyalty (Udegbe, Idris & Olumoko, 2010).

Given the intense competition in the manufacturing industry throughout the world, it becomes imperative for companies to develop strategies to increase customer loyalty. Boora and Singh, in Oghojafor et al (2014) stated that loyal customers not only increase the value of the firm but they also enable it to maintain costs lower than those associated with attracting new customers. Loyal customers are less likely to switch to a competitor due to a given price inducement, and these customers make more purchases as compared to less loyal customers (Baldinger and Rubinson, in Patrick et al, 2014). It has been found that making customer loyal by different loyalty programs increases their lifetime commitment (Waarden, in Sarwar, Abbasi & Pervaiz, 2012).

Empirical Review

Product Positioning and Customer Loyalty

Some empirical studies have been conducted on product positioning and customer loyalty. For instance, Shivashankar and Uma (2017) empirically examined brand positioning and customer perception towards apparels in Bangalore. They studied three different brands of jeans namely Wrangler, Lee and Levi Strauss brands with a particular focus on their attributes, looks, durability, quality, benefits, price, image and aesthetic value. The researchers used a structured questionnaire to elicit data from 40 consumers regarding their perception on the attributes, looks, durability, quality, benefits, price, image and aesthetic value of the three brands of jeans.

A simple analysis revealed that consumers ranked Lee brand higher, followed by Levi Strauss brand, and then Wrangler on the basis of attributes, looks, durability, quality, benefits, price, image and aesthetic value. The study concluded that brand positioning enhance customer loyalty. Akekue-Alex & Kalu (2016) empirically examined the relationship between positioning strategies and customer patronage of fast food firms in Port Harcourt, Nigeria. The researchers adopted a descriptive research design where a self-administered questionnaire was used to collect data from 123 fast food employees in Port Harcourt Metropolis. The data collected were analyzed using multiple regression analysis with the aid of SPSS version 20.0 and GRETL software packages. The result revealed that there was insignificant relationship between all positioning strategies (customer expectation, location, service quality and assortment) and customer patronage. The study also reported that only 2.5% of the variation in customer patronage was explained by the joint influence of customer expectation, location, service quality and assortment.

Kamau & Wafula (2015) examined the effects of strategic positioning of service delivery on customer satisfaction. The study employed qualitative and quantitative approaches to analyze the variables of the study. The researchers adopted a descriptive research design where questionnaire was used to elicit data from 67 customers and staff of Fina Bank in Ilombosa, Kenya. The data collected by the researchers were analyzed using descriptive and inferential statistics, as well as the Pearson's product moment correlation which was computed using the SPSS version 21.0. The result revealed that all the strategic positioning strategies (such as technological advancement, product classification, customer segmentation and brand benefits) has a positive impact on customer satisfaction.

Gonzalez-Benito, Martos-Partal & de Salamanca (2013) examined the role of retailer positioning and product category on the relationship between store brand consumption and store loyalty. The researchers studied ten (10) retail store chains in Spain and reported that there is positive relationship between private-label consumption and store loyalty. The study also found significant differences across product categories in this relationship between in-store private-label

consumption and store loyalty. However, it concluded that there is significant relationship between store brand share and store loyalty is more favorable for risky product categories.

Nazmul, Islam, Hossain & Chowdhury (2012) carried out an empirical study on product positioning in the food spices. They studied six different brands of they seem to be brands of soap in Dhaka city namely, Tibet, Keya, Lux, Sandaline, Lifebuoy and Camelia with a view to determine their current position in the minds of consumers. The researchers conducted a pilot survey to obtain data from traders regarding attributes of the different soap brands, (namely size, packaging, price, quality, flavour.) After a thorough analysis, it was found that the most demanding brands in the market are LUX, Sandalina, Meril, Keya, Tibet and Camelia. Lux occupies the best position in respect of all the attributes except the attribute price. Sandalina and Lifebuoy are in 2nd and 3 position with respect to the attributes.

CONCLUSION

This study examined product positioning and customer loyalty using Food spices as a case study. The empirical results succinctly demonstrate with respect to Food spices that attributes positioning was found to have a positive and significant relationship with customer loyalty. The study also found a positive and significant relationship between quality positioning and customer loyalty. Furthermore, the study revealed that price positioning is positively and significantly related to customer loyalty. Based on these results, it was concluded that product positioning has positive and significant relationship with customer loyalty.

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 positioning strategies as it would enhance customer loyalty.

That, food spices making companies especially those who intends to adopt product 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.

That, food spices making companies including those producing spices should work on the attributes and features of their products such as 'the size, weight, colour and other components as this would not only help to position their product in the minds of the consumers but would also increase customer loyalty;-

That, food spices making companies in Nigeria especially those whose brands have lost their position in the market should make adequate efforts to improve the quality of their product as this would help to reposition their product in the market and increase customer loyalty.

That, marketers in Nigeria especially those in the food spices should focus on the benefits of their products to the consumers while making presentation or launching a new product into the market as this will help to position their product in the minds of the consumers and increase customer loyalty.

That, marketers of spices such as Knorr spices, maggi cube, royco, onga etc. should attach a fair price to their products as this would not only enable them compete favourably on the basis of price but also help to position their products in the minds of the consumers and increase customer loyalty.

Finally, it is recommended that marketers of spices should carry out market analysis few months after launching a new brand into the market as this would help to determine the position of the brand in the minds of the consumers and also to ascertain if there is any need to take steps to reposition the product.

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