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A Pilot Study on Innovative Marketing Strategy and Small Business Survival

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Abstract: This paper, on a pilot scale, examines the effect of innovative marketing strategies on small business survival. Survey research design was adopted and Census sampling technique was used by selecting all SMEs operators without the exception of any, using a sample of 106 registered small businesses in Ijebu- Ode, Ogun State, Nigeria. Ordinary least square regression technique was used and a total of 62 questionnaires were retrieved and considered usable for analysis which represents 59% of the total questionnaire distributed. Results showed that customer focus, market focus and integrated marketing, in that order of potency, have positive and significant effects on survival of small business in Ijebu- Ode, Ogun State, Nigeria. This is in support of innovation theory. The study recommend that small business should emphasis more on the dimensions of innovative marketing strategies in order to achieve and sustain their survival in the marketing environment.

Keywords: customer focus; integrated marketing; market focus; small business; survival

JEL Classification: Q13

1. Introduction

Over the past decades, marketers have come up with various strategies which help them to have an edge over other competitors in the same industry and their developments have received a lot of attention in the literature. This is because inability of traditional traders to meet the needs of the market is the main reason for its transformation and businesses are constantly evolving to change their understanding of the market and its constant need for innovation.

Innovative marketing is based on market expansion by discovering new customer needs, new possibilities for using products, a new group of consumers, new situations in which the product could be used, which in the initial definition of the market was not taken into consideration. Innovative marketing strategies such as marketing variables, modification, customer focus, integrated marketing, market focus and unique proposition are the elements that are related to the surrounding activities by focusing on the target market (Cummins et. al., 2000; Carson, Gilmore, Cummins, O'Donnell & Grant, 1998; Kleindl, et. al., 1996).

Setting up small business is extremely essential for developing countries, as these enterprises employ unskilled workers who are in large numbers (Omodafe & Nwaizugbo, 2017). Nigeria, like many

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developing countries, recognizes the importance of small businesses for economic growth and development. Small businesses due to their flexibility and ability to promptly and efficiently integrate inventions are more innovative than large firms (Triverdi, 2013) even though the individual possible impact of the elements describing innovative marketing strategies is yet to be determined. Studies have shown that small businesses that invest more in research and development, as well as in innovative activities, perform better than their competitors (Freel, 2000; Westerberg, 2008; Gracia, 2014).

Several studies on innovative marketing strategies and small medium enterprises exist in the literature but most of these studies were conducted in the developed countries (Haghighinasab, Sattari, Ebrahimi & Roghanian, 2013; O'Dwyer, Gilmore & Carson, 2014; Wasito, 2017) and few studies have only been conducted so far in Nigeria (Tinoco, 2010; Omodafe & Nwaizugbo, 2017; Ogunkoya, Onasanya, Hassan & Adetayo, 2020).

The primary objective of this study is to examine the effect of innovative marketing strategies dimensions (customer focus, integrated marketing and market focus) on small business survival in Ijebu-Ode, Ogun State, Nigeria. The study is empirical in nature and will utilize data of 106 registered small businesses on the Business List, 2021.

2. Literature Review

2.1. Innovation Theory

Innovation theory was propounded by Schumpeter in 1934 highlighting the role of innovation in the entrepreneurial process. It describes a process of “creative destruction” where wealth creation occurs through disruption of existing market structures due to introduction of new goods and/or services that cause resources to move away from existing firms to new ones thus allowing the growth of the new firms. Accordingly, Schumpeter calls innovation the specific tool of entrepreneurs, the means by which entrepreneurs exploit change as an opportunity for a different business or a different service. The theory stresses the role of entrepreneurs as primary agents effecting creative destruction, and emphasized to the entrepreneurs the need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation; as well as their need to know and to apply the principles of successful innovation. Entrepreneur always searches for change, responding to it, and exploiting it as an opportunity, and engaging in purposeful innovation. The process of creative destruction is initiated by an entrepreneur, which makes innovation an important success factor within entrepreneurial orientation. Furthermore, the link between entrepreneurship and innovativeness is supported by the results of Misyer and Normaziah (2012) who found that innovation is among the key motives to start a business.

Ebitu (2016) investigating the impact of three marketing strategies (product quality, marketing communications, and relationship marketing) on the performance of selected small and medium-sized enterprises in Akwa Ibom State, Nigeria, found a significant impact of product quality strategy and relationship marketing strategy on profitability and an increase in the market share.

Omodafe and Nwaizugbo (2017) evaluates the extent Small and Medium Scale Enterprises (SMEs) in Delta State Nigeria adopt and practice marketing orientation and the extent innovative marketing has affected their performances. It hypothesizes that the adoption of high level of marketing orientation

practice and creation of value added offerings among SMEs; and the development of marketing competencies among SMEs would improve their performances. The results show that there is a weak positive correlation between marketing orientation and value creation; and the link between strategic marketing competence and the performance of small and medium-sized enterprises in Delta State. Poor results indicate a low level of adoption of marketing orientation practice and a seemingly little knowledge of innovative marketing among SMEs in the Delta State.

Biegas (2018) investigates the relationship between marketing innovation capacity and firm performance in the Brazilian clothing industries. A transversal descriptive research was conducted in a single quantitative phase, using the survey as a research strategy. The study covers jointly small and medium firms installed in a regional center of clothes industries, in their most important product or product line. The data (n=150) were processed using the statistical software Partial Least Squares (SmartPLS), with the evaluation of reflective measurement model and structural model. Findings show that marketing innovation capacity positively predicts market performance, which positively predicts financial performance.

Nguyen, Nguyen, Phung and Nguyen (2019) aim to extend the literature by examining the individual effects of product and process innovations, and then their interactions with external collaboration, on firm performance and corporate social responsibility (CSR) activities in terms of field contributions for a sample of Vietnamese manufacturing companies in 2011–2013. Research results show that innovation in processes and products benefits firms in terms of market share, but do not generate returns on total assets. This means that it takes time to invest in innovation to make a positive change in profitability, but it can help build customer loyalty.

We also find evidence suggesting that innovation can be confusing for companies, especially when external parties are involved. This encourages companies to send signals of sustainability and goodwill through corporate social responsibility (CSR) activities. Ogunkoya, Onasanya, Hassan and Adetayo, (2020) study the effect of innovation marketing on the development of SMEs in Ago- Iwoye using descriptive statistics and Ordinary Least Square (OLS) multiple regression analysis method at 5 per cent level of significance to verify the hypotheses formulated for the study. The results revealed that marketing insight and marketing imagination had significant positive effect on SMEs development. The study concluded that marketing innovation had significant effect on the development of small and medium enterprises.

3. Methodology

The survey research design was used to capture variables relevant to the study. The population comprises of registered small business enterprises in Ijebu Ode, Ogun State and they are 106 (Business List, 2021). The sampling technique adopted for this study is the census sampling technique.

Primary data were collected using questionnaire, which were distributed with the aid of staff of the small businesses. The questionnaire adopted five- point Likert scale ranging 1 (least agreed) to 5 (most agreed). The research instruments employed for this study was tested for validity in terms of the content and construct using experts. In doing this, the tool (questionnaire) was reviewed by the expert in the field of academic, and the correction was made accordingly, to validate the content.

Test-retest method was used to test for the consistencies of the instruments. Cronbach alphas of $\alpha=0.76$, 0.83 and 0.81 were respectively obtained for the customer focus, integrated marketing and market focus.

3.1. Research Hypotheses

The following hypotheses were tested in the study:

H₀₁: Customer focus does not affect survival of small business in Ijebu- Ode, Ogun State, Nigeria.

H₀₂: Integrated market does not affect survival of small business in Ijebu- Ode, Ogun State, Nigeria.

H₀₃: Market focus does not affect survival of small business in Ijebu- Ode, Ogun State, Nigeria.

H₀₄: Combined effect of innovative marketing strategies dimensions does not affect survival of small business in Ijebu- Ode, Ogun State, Nigeria.

3.2. Model Specification

The model aggregates the effect of innovative marketing strategies; it is estimated to examine how these elements individually affect the small business survival in Ijebu Ode, Ogun State, Nigeria. The model addresses the study's main objective, which is to investigate the effect of innovative marketing strategies on small business survival in Ijebu Ode, Ogun State, Nigeria. The model is thus mathematically expressed;

$$\text{SMEPF} = f(\text{CF}, \text{IM}, \text{MF})$$

$$\text{SMEPF} = \beta_0 + \beta_1\text{CF} + \beta_2\text{IM} + \beta_3\text{MF} + \varepsilon$$

Where:

SBS = Small Business Survival (Dependent variable);

CF = Customer Focus;

IM = Integrated Marketing;

MF = Market Focus;

β_0 = Constant term;

β_{123} = Coefficient of variable;

ε = Error term;

4. Results and Findings

Table 1. Hypothesis 1: Customer Focus does not Affect Survival of Small Business

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.646 ^a	.417	.413	.91683		
a. Predictors: (Constant), Customer focus						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.145	.323		6.636	.005
	Customer focus	.660	.062	.646	10.629	.000
a. Dependent Variable: Small Business Survival						

Source: Researcher's Computation (2021)

From the analysis of results in Table 4.1 above, it shows the summary of the regression results, The values of the regression results as follows (R=.646; P<0.005) shows that customer focus has a significant and positive effect on survival of small business in Ijebu- Ode, Ogun State, Nigeria. The R² reveals that 41.7% variation in survival of small business in Ijebu- Ode, Ogun State, Nigeria is influenced by customer focus while 58.3% is explained by other factors. The t-stat (t=10.629, p=0.000) shows that customer focus has a significant effect on survival of small business in Ijebu- Ode, Ogun State, Nigeria. This means that customer focus is a significant predictor of the extent to which small business are able to innovate and create a large customer base for themselves thus increasing their profitability. The null hypothesis is therefore rejected, while the alternative hypothesis is accepted that customer focus has a significant and positive effect on survival of small business in Ijebu- Ode, Ogun State, Nigeria.

Table 2. Hypothesis 2: Integrated Marketing Does Not Significantly Affect Survival of Small Business

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.571 ^a	.325	.321	.95086		
a. Predictors: (Constant), integrated marketing						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.623	.335		7.824	.005
	integrated marketing	.562	.064	.571	8.732	.000
a. Dependent Variable: Small Business Survival						

Source: Researcher's Computation (2021)

From the analysis of results in Table 4.2 above, it shows the summary of the regression results, it therefore revealed that integrated marketing has a significant effect on survival of small business in Ijebu- Ode, Ogun State, Nigeria. The values of the regression results as follows ($R=.571$; $P<0.005$) shows that integrated marketing has a significant relationship with survival of small business in Ijebu- Ode, Ogun State, Nigeria. The R^2 reveals that 32.5% variation in small business is caused by integrated marketing while 67.5% are caused by other factors. The t-stat ($t=8.732$, $p=0.000$) reveals that integrated marketing is a significant predictor of how often small business are able to come up with new products and reach their customers with new products faster than that of their competitors.

Table 3. Hypothesis 3: Market Focus does not Significantly Affect Survival of Small Business

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.846 ^a	.716	.714	.62669		
a. Predictors: (Constant), market focus						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.871	.302		-2.880	.005
	market focus	1.118	.056	.846	15.107	.000
a. Dependent Variable: Small Business Survival						

Source: Researcher's Computation (2021)

From the analysis of results in Table 4.3 above, it shows the summary of the regression results, it therefore revealed that market focus has a significant effect on survival of small business in Ijebu- Ode, Ogun State, Nigeria. The values of the regression results ($R=.846$; $P<0.005$) shows that market focus has a significant and positive effect on survival of small business in Ijebu- Ode, Ogun State, Nigeria. The R^2 reveals that 71.6% variation in the survival of small business in Ijebu- Ode, Ogun State, Nigeria. is explained by market focus. The t-stat ($t= 15.107$, $p=0.000$) indicates that market focus is a significant driver of small business survival in Ijebu- Ode, Ogun State, Nigeria. This reveals that to be successful in marketing, firms must focus on market-related positioning factors and the adoption of a more flexible structural design for marketing management.

Table 4. Hypothesis 4: Combined Effect of the Dimensions of Innovative Marketing Strategies on Survival of Small Business

Combined Effect of Dimensions

Model		Unstandardised Coefficients		Standardised	T	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	4.22	.367		11.499	.000
	CF	.468	.027	.442	17.333	.000
	IM	.478	.031	.493	15.419	.000
	MF	.343	.016	.377	21.438	.000
	Adj R ²	.457				
	F-stat	27.64(p=.000)				

Source: Researcher's Computation (2021)

From the analysis of results in Table 4.4 above, it therefore revealed that innovative marketing strategies dimensions has a positive and significant effect on survival of small business in Ijebu- Ode, Ogun State, Nigeria. The F stat (27.64) and probability value (0.00), indicates that innovative marketing strategies dimensions have a positive and significant effect on survival of small business in Ijebu- Ode, Ogun State, Nigeria. The coefficient of determination ($R^2 = 0.457$) reveals that 45% variation in survival of small business is explained by innovative marketing strategies. It is also pertinent to state that MF, CF and IM, in descending order of potency, significantly affect survival of small businesses.

4.1. Discussion of Findings

A total of 62 questionnaires were retrieved and considered usable for analysis, this represent 59% of the total questionnaire distributed. According to Harrisson, Alderdice and Henderson, Redshaw and Quigley (2020) the response rate is sufficient and significant for analysis. First hypothesis reveal that customer focus has a significant and positive effect on the survival of small business in Ijebu- Ode, Ogun State, Nigeria. This means that market orientation is an important indicator of the extent to which small business can innovate and build a large customer base for them, thereby increasing their profitability. The findings of this study are supported by the results of the Surakshi, Naresh, Cincota and Foudy (2016) on the relationship between competitiveness and innovation in the marketing practices of large manufacturing companies.

Second hypothesis established that integrated marketing has a significant effect on survival of small business in Ijebu- Ode, Ogun State, Nigeria. The finding of the study is in the same direction with the findings of Ukpabio, Oyebisi and Siyanbola (2015) on the effects of various innovation dimensions on the performance of manufacturing company in Nigeria. Result shows that integrated marketing had significant positive effect on the survival of small business in Ijebu- Ode, Ogun State, Nigeria.

Third hypotheses reveal that market focus has a significant effect on survival of small business in Ijebu- Ode, Ogun State, Nigeria. The finding was supported by the results of the study by Wasito (2017). In order to achieve marketing success, firms must focus on market-related positioning factors, and adopting more flexible structural approaches design for marketing management. In doing so, small business will be able to meet their marketing objectives by focusing on the level at which new products or services

are consistent with their commercial and financial goals and the SME's vision. Fourth hypothesis shows that innovative marketing strategies dimensions has a positive and significant combined effect on survival of small business in Ijebu- Ode, Ogun State, Nigeria. The results show that successful business relationships between a brand and its resellers can enable both parties to compete in a competitive marketplace. This study shows that the dimensions contribute to the survival and competitive advantage of small business in the marketplace.

5. Conclusion and Recommendations

The study examines innovative marketing strategies on survival of small business in Ijebu- Ode, Ogun State, Nigeria. The significant effect of innovative marketing strategy on survival of small business in Ijebu- Ode, Ogun State, Nigeria, clearly showed that businesses that are capable of surviving in the marketplace through innovative marketing strategies elements are able to achieve significant advantage over their counterparts by enjoying larger market share, increased profitability as well as increased capacity to introduce new products to the market before their competitors are able to. This means that innovative marketing strategies (customer focus, integrated marketing and market focus) significantly contribute to small business survival in Ijebu- Ode, Ogun State, Nigeria.

Based on the findings, the study established the combined effects of these dimensions of innovative marketing strategies on survival of small business. Therefore, the study confirms that innovative marketing strategies is a significant driver of small business survival in Ijebu- Ode, Ogun State, Nigeria. The study then recommend that small business should emphasis more on the dimensions of innovative marketing strategies in order to achieve and sustain their survival in the marketing environment.

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