

**TITLE PAGE**

**THE MARKETING STRATEGIES OF BAKERY FIRMS IN THE  
SOUTH-EASTERN STATES**

**BY**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENT FOR THE AWARD  
OF MASTERS DEGREE IN BUSINESS ADMINISTRATION  
(MBA MARKETING)**

**DEPARTMENT OF MARKETING  
FACULTY OF BUSINESS ADMINISTRATION  
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**MAY 2009**

## **CERTIFICATION**

This is to certify that this project has been approved in partial fulfillment for the requirement for the award of Masters Degree in business administration in marketing.

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## **DEDICATION**

To my family for their support and endurance.

## **ACKNOWLEDGEMENT**

A research of this nature would not have been successful without the help and contribution of many individuals.

It is because of the above reason that i heart fully acknowledged the helpful comments from Dr. C. I. Nwaizugbo who despite his tight schedule found time to supervise this research project, make some constructive criticism and corrections.

My sincere appreciation also goes to my immediate family who endured and managed during my absence in pursuit of this programme and to many authors from whose books, journals and publications I have abstracted information from.

My special thanks goes to my friends- Barrister Ojielo, Ifeanyi Paul and others. I owe immense debt of gratitude.

## **ABSTRACT**

This research work was carried out to study the marketing strategies of bakery firms in the South-Eastern states. The Eastern state mentioned comprises- Enugu State, Ebonyi State, Anambra State, Imo State and Abia State. The researcher used the survey research method in carrying out the research. A total of two hundred and four (204) questionnaires were distributed, out of which one hundred and ninety two (192) were duly completed and returned. In this study, two hypotheses were formulated which include among others that there is a relationship between products shapes or nature and business success and there is a relationship between distribution modes and levels of sales. These hypotheses were tested and analyzed and their results were extensively discussed. Chi-square was also used to test these hypotheses.

Several findings were made in this research works, which includes that the media houses were highly under utilized by bakery firms in the South Eastern states in promoting their product and poor distributing network also contributes to poor sales performance.

In response to the findings made, the following recommendations were made. They includes increased use of media houses in the promotional and advertising strategy by these bakery firms and improved effective and efficient distribution system should be encouraged, further research were also recommended especially on the dominance of bread production over other bakery product in the South-Eastern states should be looked into.

Attention should also be shifted to this last point.

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## **CHAPTER ONE**

### **1.1 BACKGROUND OF STUDY**

Every business firm is involved in series of relationships. The consumer is at the end of this relationship chain. This relationship is facilitated by Marketing. There are four major tools employed in Marketing and they include Product, Price, Promotion and physical distribution.

A guiding philosophy in marketing, the marketing concept. Which proffers a systematic co-ordination in a firm's relationship with consumer, demands the satisfaction of customers and profitable sales volume. In striving to ensure customers satisfaction with the right product, marketing activities become very important because the product will have to be priced, promoted and moved from point of manufacturing to point of sale. Thus the strategic role of marketing activities cannot be taken lightly.

In the bakery industry, there are relatively large numbers of firms found within the South Eastern States. The chairman Bakers' Association of Imo State indicates that Bakery firms in the state have good products and a large pool of consumers waiting to be reached.

The competitive environment in the industry is helping the acquisition of new technology, new bakery machines and design.

The industry is operating in a social environment, which is characterized by preference for products manufactured outside the local environment.

This characteristic has had tremendous effects on the fortunes of the industry.

The political environment is not left out because the industry is believed not to be encumbered by severe legislations and tax regimes.

The umbrella trade union, Master Bakers' Association ensures and maintains smooth relationship with governmental authorities.

The role marketing plays in satisfying the needs of consumers is very important. It is not limited to satisfying consumers' psychological need; it also provides them with most desirable products at a profit. This task of satisfying consumers' need involves the effective and efficient carrying out of basic marketing activities. These marketing activities include activities related to the product itself, distribution, communication or promotion and pricing.

The Bakery industry is a developing industry and so requires well-programmed marketing activities to move forward. A negligence of these or their haphazard application may result in slower growth or even stagnation.

## **1.2 STATEMENT OF PROBLEM**

Bread is a basic food consumed daily by a large number of people. It is sold in neighborhood retail shops and some specialized bread shops.

Since it is a staple food, it requires wide distribution for the products to get to the consumers.

Bakers make snacks including meat pies, doughnuts, burgers, biscuits, reculrement on not only efficiency but on strategic flexibility also. Such flexibility is very important in the planning, execution and maintenance of marketing activities. This project is designed to investigate the bakery industry in the south Eastern States, how bakers operate, the products they produce, price and distribute.

Exploratory research reveals that the industry is plagued with the problem of low market coverage, with the attendant low profitability. The crucial problem in this study therefore is to identify and evaluate the marketing activities of the bakery industry in South East States with the aim of determining their strength and weakness in this aspect of their operation.

### **1.3 OBJECTIVES OF THE STUDY**

The objective of the study intends to state the intention of the researcher to accomplish feasible task. This indicates the direction of the research work. Objectives of this study include:

- 1) To find out the nature of bakery products available in South Eastern States
- 2) To find out the pricing activities going on in the firm.
- 3) To find out the modes of distribution used by these firms.
- 4) To find out the promotional activities that the firms perform as part of their marketing activities.

## **1.4 RESEARCH QUESTIONS**

1. What is the nature of bakery products available in South Eastern States?
2. What are the pricing activities going on in the firms?
3. What are the distribution activities that are carried out by the firms?
4. What are the promotional activities that the firms perform as part of their marketing activities?

## **1.5 RESEARCH HYPOTHESES**

HO1: There is no relationship between product shapes or nature and business success

Hi: There is a relationship between product shapes or nature and business success.

Ho2: There is no relationship between distribution modes and levels of sales.

Hi: There is a relationship between distribution modes and level of sales.

## **1.6 SIGNIFICANCE OF THE STUDY**

The primary significance of this study is to increase the body of knowledge as to the application of relevant marketing activities towards achieving stated company's objectives/goals.

It is expected that this research effort would broaden the level of understanding as to how marketing activities are

undertaken by bakeries towards the enhancement of increased sales/profitability.

Further more, this research effort will go in depth into available literature and make additional contribution and recommendations where necessary.

The research is expected to be of immense benefit to firms in the industry and consumers of bakery products. It is not only going to answer the research question so as to address the problem statement, it will also result to specific benefits accruable from well-formulated and programmed marketing activities.

Also, it is expected that the result of the study will lead to better product offering, which means that the consumers will have product with higher utility available to them. Beyond these, it is expected that the findings will lead to more economic utilization of society's resources, which no doubt will amount to higher competitiveness in the economy and reduction of macro economic problems.

## **1.7 SCOPE AND LIMITATION OF THE STUDY**

This means the boundary of the study. It is the area in which the research intends to operate, concentrate and extends its operational tentacles. This means the area where the researcher cannot exceed during the research study.

In this research work, the researcher could not exceed the boundary of studying the marketing strategies adopted by the

bakery firms located within the Southern part of the country, with reference to the Eastern States. The distribution strategies is also another vital aspect of this study, modes of the distribution strategies adopted by each bakery firm analyzed in details.

In order to allow for in-depth analysis, this research work will be limited to bakery firms located within the South-Eastern States; Enugu, Anambra, Imo, Abia and Ebony States. Findings May not necessary hold true for industrial practices in other geographical zone, because o:' differences that may exist in culture, religion and environmental factors. This research is also focused on the marketing activities of these bakery firms located within the South Eastern zone.

## **1.8 DEFINITION OF TERMS**

- 1. Not-so-Responsive Financial Environment:-** This term describes the unwillingness of financial institution to extend credit facilities to bakery firms.
- 2. Financial Public:-** This includes all financial institutions that bakery firms enter into transaction which includes; banks, finance houses, insurance companies etc.
- 3. Dynamic External Factor:-** This describes all the variables that affect the operation of the bakery industry but are outside its control and world; financial, political, social, economic and business (competition) environment.

**4. Internal Factor:-** Internal factor defines the factors within the control of the industry that affect its operational efficiency.

These are categorized as strength and weakness of the industry.



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## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 INTRODUCTION**

In this chapter is a review and summary of related literature on marketing activities of bakery firms. Books, academic as well as industry journals, and Newspaper articles were reviewed.

#### **2.1 HISTORICAL OVERVIEW ON THE BAKERY INDUSTRY**

Bread made from cereal has been used by man as food for some thousands of years, certainly as far back as the Stone Age. Amos (1974) reports that there are some pieces of bread in the Pre-historic section of the British Museum that were discovered in the remains of a lake dwelling in Switzerland, an origin that dates them back to at least 4,000 B.C. Bread was a major item of diet among the ancient Egyptians and it is recorded that their troops when on the march were supplied with 416 daily. Bread was commonly one of the items in an Egyptian tomb to help the dead on his journey to the here after, and numerous samples that date from 1,000 to 3,000 B.C. have been salvaged from desert necropolis.

It is likely that the bread made by the Swiss Lake dweller was not fermented, but in the days of the ancient Egyptians the art of bread making had been developed to a stage that involved fermentation because it is recorded in the Bible that in their

hurried departure from Egypt the Israelites took their dough before it was leavened.

In Italy, bread making continued as a domestic activity until after the war with Persia but about 160 B.C. Amos (1974), records that public bakeries appeared in Rome and became incorporated in the trade guild known as “Collegiums Pistorium”. At the time of distribution of Pompei (79AD), public bakeries had grown in number but bread was still made domestically, more. Particularly in the richer household. A common feature of the loaves produced in public bakeries was the maker’s name stamped in the crust.

The first known writer on bread making was Chrysippus of Tyana, a city of Cappodocia who was the author of treatises on the Art of Bread making in 240 B.C. Some three years later, Pliny the Elder wrote at some length in his Natural “History” about various bread making procedures that were then in use. He theorized about the nature of dough fermentation.

The method of converting into bread did not change in principle during the next 1900 years. Until 1950, the old method of converting flour into bread by stretching the dough biologically with a micro-organism was still in use.

The new dawn of bakery started in 1926 when Swonson and Co., working at Kanadas State Agricultural College designed a laboratory mixer with, as they described it a pack-squeeze-pull-tear action and demonstrated that dough mixed in it would produce good bread with any bulk fermentation. This

discovery was on exploited on commercial scale. It was the key to a continuous bread making process.

Concomitantly with these advance in bakery operations, there came progress in other technologies that had a bearing on the work of the baker. Wheat breeding programmes, wheat grading systems and the introduction of dough testing procedures enabled flour to be milled to a more consistent quality; the controlled use of improvers and bleachers in the mill enabled the necessary post-milling improvement of flour, the production of standardized diastatic correctives; the large scale cultivation of pure strains of yeast; the development of special fats ad emulsifiers. And in addition, there were produced machines that would automatically slice and wrap his bread.

Amos (1974), believes that these advances though advantageous to bakers and consumer, did not revolutionize the industry. However, since the 1970, the industry has experienced major revolution that has completely changed the outlook of the industry here in Nigeria and elsewhere.

## **2.2 DEVELOPMENTS IN THE BAKERY INDUSTRY**

One of the developments that brought revolution into bakery industry is automation. Nevertheless, a major problem in the industry has been identified by Lawson (1974), as automation. Two major problems associated with this are;

- i. Malfunctioning such as obstruction on the moving band which can cause spillage and damage.
- ii. Such malfunctioning can also cause a significant change in one of the important qualities of the product.
- iii. Human supervision remains a critical factor for optimal utilization of automation.

Warmate (1994), identified inadequate knowledge and application of distribution strategies as constituting a major problem confronting the industry. He is of the opinion that for firms to remain competitive in the industry, distribution should be given top priority. Implicated also in his analysis is the narrow breadth of product line available in the industry. In Nigeria generally, bakery is synonymous with bread, biscuit, and to some extent cakes. Warmate opines that for the industry to fulfill its role economically and socially, it has to move beyond this narrow breadth to a wider one. Thus he suggests the diversification of product available in the industry.

The bakery industry has been around for up to thirty years in Nigeria, yet development has not been commensurate comparatively. This is the view of Wilson (1999). According to him, opportunities that are bound in the industry are not adequately exploited. Dynamic developments are indeed few and far in between, and where they exist, are not industry-wide and so limiting growth impetus. Some of the factors inhibiting development in the industry he identifies include the dearth of research and documentation. The industry is spending very

little time and effort on research, a situation which he noted as being pitiable because there is so much to be known for the improvement of the industry. Even when there is research, there is no documentation of findings, which is a normal and common practice in other industries. Documentation of processes, methods, strategies etc would have been capable of stimulating growth as this will serve as references, he posits.

Victor Okeukwu, Managing Director of High society Bakery and the secretary-general of Master bakers association of Imo State is in agreement. He believes also that research and documentation is a problem in the industry. He states that most bakers do not do any form of research but readily joins the bandwagon as soon as there is innovation. He is rather of the opinion that bakers should get involved more in finding ways to move the Master bakers' association at the local chapters and sensitizing bakers to that effort. Recent improvement in bakery product both in quality and aesthetics according to him is a pointer to that effect.

A second problem put forward by Wilson as inhibiting tangible growth in the industry is the quality of it workforce. This view is a major cause of poor growth in the industry. Bakery operation is still regarded as crafts and until recently, the industry was populated by craft men. He attributed this situation as the reason for low research and documentation. However, he noted that the trend is also changing as more and more professionals are coming into the industry and as more

skilled personals are employed. He envisioned more application of modern management skills and inflow of more capital, which he also notes as a contemporary problem facing the industry.

Jack Wilson, the director of Wilson Bakery Port Harcourt and also member of Rivers State Master bakers' association describes some of the distribution modes available in the industry. Untimely delivery of products, poor channel organization experienced within the industry can be surmounted to a great extent by effective distribution strategy. He state that both direct and indirect modes of distribution are applied in the industry. In the direct modes, firms have their own retail outlets where their products are sold directly to consumers. Another form of direct distribution available is the use of company owned sales organization. However, he points out that these strategies are not common, as applications are only by few firms. A more common mode is the indirect distribution channel. The types in common application include over-the-counter retailers. The other method that is not common is the depot strategy. Wilson is of the opinion that as the industry becomes more competitive and more markets are reached, the depot system will acquire more significance. Because of the perishable nature of the products and closeness of bakeries to the market, wholesaler's services are most time not employed.

A distribution strategy that is widely applied by bread producers in South Eastern States in what Victor Okeukwu

calls “Bread Market”. This is a kind of bread center where different bakers bring their products to be sold to retailers and the few wholesalers are in the channel. In Owerri area of Imo State, the market is located at Onumiri Street and the market operates from about 5.30 am to about 10.00am every day. The advantages according to him, include choice from different brands by the retailers interaction with channel members, and gathering of useful market information.

The benefits of promotion have not been adequately exploited in the industry. This is a general consensus of most members of the Master bakers’ Association. They argue that promotion of activities in the industry is mostly limited to word-of mouth promotion, labeling and packaging. Comparatively, it is noted that the industry ranks among the least in Nigeria in terms of promotion. They quickly point out that currently, there are few firms in Nigeria advertising its product (s) in the electronic media, and handfals are just

Using the print media. In the biscuit sub-sector, the situation is not much different as they could only identify the few very large companies like Nasco biscuit, Niger biscuit, Ok-foods that use both media to position their products. It is their opinion that increased promotion activities will create more awareness about the industry and will enable the industry to attract more capital and quality manpower.

The external environment of the industry has also come under review. The reason why a lot of firms within the industry



have not grown beyond their present state according to Wilson is because of poor capital base. Access to capital is very difficult because of conditional ties, for procurement of loan. The average baker finds it difficult to meet these conditions and the interest rate again are on the high side. He is also of the opinion that government should encourage investment in the industry through the provision of incentives like making sure that the cost of obtaining loan is not high. Agriculture which is the primary industry should also be given more attention so as to reduce the cost of raw materials. He suggests that as performance increases in the industry, operators should consider backwards integration with flour firms so as to achieve economies of scale. Further, he suggests the possibility of bakery firms coming together as cooperatives to take care of the supply side of the operation. This is exactly what the Master bakers Association of Imo State is currently doing because as the association's secretary general pointed out, the union runs a central buying system whereby it buys raw materials in bulk from suppliers, and then retails to individual members at a token profit.

The Master bakers' association in Imo State is the umbrella body of all bakers in Imo State. Nevertheless, the secretary-general informs that there are bakers who refused to be part of the association. This, he says, makes organization within difficult and he believes, it is the reason why there are

many small firms coming into the market and closing up their shops after a short time.

Beyond these specialized problem areas, the bakery industry is generally afflicted by problems that confront physical distribution in the Nigeria industry sector.

According to Omungor (1991), the basic infrastructures needed to effectively carry out physical distribution operations are not adequately and effectively provided in Nigeria. Some of these infrastructures are roads, communication aids, warehousing and storage facilities. A greater percentage of road networks in Nigeria is in state of disrepair and this greatly affects the distribution of bakery products which rely a lot on road transportation system. The incessant fluctuation in the supply of petroleum products also has limiting effect on the extent of distribution. The provision of communication aid like telephone services which is not efficient is also a limiting factor. These greatly hamper distribution and inevitably increase the rate of inflation. Omungor further opines that even though inflation is caused by inadequacy of merchandise to meet current demand, it is worse when the merchandise supply system is inefficient.

Leach (1997), states that taking the activities one by one, it can be identified why Nigeria and indeed other developing countries have not adequately developed the physical distribution functional area. He placed the problem squarely on inadequate infrastructure development. He has this to say “roads

are often not constructed to standard and are not well maintained. Access roads to remote areas are typically nothing more than bush paths, carrier system are not well developed in spite of the existence of many small transportation companies.

In the south eastern, the bakery industry mostly employ road transportation mode in the physical distribution function. The secretary of the Master bakers' association in Imo State posits that the state of the roads in the States actually limits the rate at which they distribute their products especially to the village. To overcome this problem, some bakeries in the state employ the use of motorcycles, which are easier to navigate on bad roads. These motorcycles, he says, are usually given to channel members.

Omungor (1991), raises the issue of insufficient storage facilities and inappropriate storage methods. These are a big problem in Nigerian, he posits. There is no where in the States where there is independent or even privately owned ware house and storage facility handling bakery products, the secretary general of Master Bakers' union collaborates. This is one big reason why the states are not adequately covered as coverage is concentrated in the urban areas. However, a panacea to this as surmised by Wilson is the development and application of depot strategy .

Modern communication networks have also been identified in the view of Omungor as being too inefficient to made appreciable impact on business transaction. Wilson talks

about a new scheme his company wants to embark on. He describes it as “home-delivery service” whereby products will be delivered directly at the door steps of the consumer. The snag; however is that the strategy is largely going to be dependent on efficient telephone system which cannot be said to be that in Nigeria.

It is agreed that the development planners fail to plan for prior investment in logistics system needed for effective distribution of stocks, this results to inefficiency. The magnitude of bakery operation as it were requires sophisticated delivery system.

### **2.3 BAKERY INDUSTRY IN NIGERIA**

Even though the bakery industry has been around now for a while, as it could be traced right back to the colonial days, it could best be described as a developing industry.

Ihekeronye and Ngoddy (1985) also used the word “developing and states that it best reflects the state of bakery industry. According to them, the major utilization of wheat is through small commercial or institutional bakeries. Operation tends to be labour intensive with a minimum of equipment. Mixing of flour, water, yeast, and other ingredient to form dough is often done by hand in troughs and on table tops. Most of the other activities times that slow speed dough mixers and rollers have been introduced.

There were appreciable improvements in the 1990s due to the introduction of innovative process and equipment, according to secretary general of master bakers' association of Imo State. The innovation electric oven replaced fire wood oven and the hitherto popular gas and kerosene ovens, while electric and mechanic mixers also replaced manual mixers. Within this period too, more bakeries incorporated proving machines. Most recent equipment introduced is the slicing machine. This is having a revolutionary effect in the industry, the secretary general declares. It has greatly facilities product differentiation. A major obstacle to the modernization of the industry in terms of equipment is financial constraint. Most of the modern equipments in use today are expensive and as the secretary general readily admits, many master bakers' do not have the resources to acquires these equipments and the cost of loans is high.

The major raw materials used in the bakery industry include flour, yeast flavor, improvers, salt, oil/margarine, sugar. Availability and prices of these raw materials constitute another major problem in the industry. More than 50% of these raw materials are imported, the managing direct of High Society bakery states. Improvers, yeast and flavors are imported. Wheat which is the primary raw material for flour is imported. The impacted of this 10th January 2000 at Shagamu and set up a pressure group to lobby the government to reduce taxes and to

get government to mandate flour manufacturers to produce flours that do not require improvers.

A major development that has affected the quality of products in the bakery industry is the banning of bromate, an additive that was formerly much in use. In 1998, NAFDAC banned it because of some claimed health implication. Enforcement of this has not been very strict but more and more bakeries are beginning to indicate the absence of bromate on their labels and use it as a tool for product positioning.

However the bakery industry still needs more innovations in the view of the Master bakers' secretary general. He reports that in some countries. Bakery activities are carried out through the batch and conveyor system. He further opines that standardization of product is difficult because of technological handicaps. Bakery products include bread, biscuits, and cakes. Pastries and pasta products. However, in Nigeria, most bakery activities are concentrated in the production of bread and biscuits. Not much attention is given to the commercial production of the other product types. This narrow breadth as identified by Warmate (1994), will not sufficiently lead to optimal performance in the industry.

In breath making there are three technological principles underlying it.

- i. **MECHANICAL STRETCHING:-** This involves the stretching of the flour protein, gluten mechanically to obtain a fine silky structure.

- ii. FLAVOURING:-** The alcohol and numerous other products of yeast fermentation give the bread its flavour together with the products formed primarily in the crust by the heat of the oven.

The commercial baking technology is a five stage process:

**1 DOUGH MISSING:-** A usual missing method of converting flour into dough is to mix about two bags of flour, together with 700g of fat and 1.7kg of salt, with 48litres of water in small fractions of which 1kg to 1.2kg of press bakers' yeast has been suspended. The temperature of water is adjusted so that the dough after 15 minutes mixing in a mechanical mixer has temperature of about 24°C. Mixing flour with water has two important effects. The flour enzymes convert part of the starch into maltose, which commonly form the main nutrient for the yeast. The mechanical work done by the blades of the dough mixer starts to stretch the fibers into gluten, the protein of flour.

**2. BULK FERMENTATION:-** The mixed dough is placed in large metal containers or troughs and held in an insulated room at about 26.7°C and in an atmosphere of high humidity to allow fermentation. The dough is maintained at this temperature, covered to prevent the evaporation of moisture and allowed to ferment for about two hours. At the end of this period, the dough will have risen to the top of the bowl. It is cut with a knife, mixed mechanically for five minutes and then allowed to ferment for another one and half hours.

**3. DIVIDING AND MOULDING:-** After this period of bulk fermentation, the dough is put through a divider. This is a machine that cuts it into accurately weighed pieces, out of which the individual loaves will be produced. Alternatively can be cut manually, but this lacks precision. These pieces are rolled into balls and propped into a series of slowly moving canvas packers which travel in a temperature controlled compartment called first prover for about 10 minutes. This allows the gluten to recover.

**4. PROVING:-** The relayed dough pieces are dropped out of the canvas packets into second molding machine which in its turn. Drop the now sausage-shaped pieces of till fermenting dough into individual baking tins. This travels slowly through another prover for 40 minute where the temperatures maintain between 35°C and 37.8°C

**5. BAKING:-** The baking tins containing the dough are now conveyed to the oven. The loaves are exposed to an atmosphere of 248.90°C

Injected with steam, for a period of 40-50 minutes. After baking the loaves of bread are cooled, cut in slices by machines and packaged.

## **2.4 MASTER BAKERS' ASSOCIATION**

This is an organization that brings all the bakery firms together. it is a nation-wide organization with branches at the state level. The union is headquartered at the capital of the South Eastern States (Enugu). Master bakers' Association is a



platform for the articulation of the interest of bakery firms in the state. The necessity for it arises from need to present a common ground in face for the harsh economic conditions to satisfy customers' demand and maximize rewards.

According to the secretary-general of the association Mr. Okechukwu, membership of the union is not compulsory and is at a fee. The association has an executive board that runs its affairs dealing with all the union's public on behalf of the union. There are rules and regulation guiding the activities of the union.

The association runs a central purchase system. In this system a select committee is given the responsibility of dealing with suppliers. They buy in bulk from the suppliers and resell to their members. This arrangement dose not precludes the individual member dealing with suppliers of their choice.

The aims and objectives of the association are numerous and include:

- i. Uniting bakery firms in the states for high efficiency.
- ii. Provision of easier access, for member, to raw materials by liaising with suppliers.
- iii. Facilitation of the training and retraining of members for greater efficiency.
- iv. Facilitating a good working, relationship with governmental agencies like NAFDAC, standard organization of Nigeria, Local Government, Ministry of Commerce, etc. for example from time to time, in

conjunction with NAFDAC, the union organizes seminars and workshops for members.

- v. Dissemination of information. The union is a kind of information center where recent developments, including new technology and processes are sourced.
- vi. Harmonizing pricing of bakery products. Enforcing uniform pricing is difficult as the secretary general admitted because of differences in quality and weight of products. However, the union is agreed on the fact that a certain percentage of markups be added to the unit cost of production.

Generally the association is committed to the development of the industry in the state. Though individual members retain their independence in nulating their business strategies, yet the function of direction setting of the overall industry is left to the association. It is thus a control organization because while ensuring the protection and maintenance of bakery industry, it also strives to enforce adherence to provision of certain level of services.

## **2.5 SOUTH EASTERN STATES**

The South Eastern States include Imo, Anambra, Abia, Enugu, and Ebonyi. The states have boundary on the South with Rivers and Akwa Ibom States, west with Delta State, east with Cross River state and North with Benue State.

It is pertinent to observe that the bakery products' market is not limited to the bakeries in South Eastern State alone. For example bread from bakeries outside the states are also distributed within the states.

They are mostly populated with low and middle income people. A great percentage of the work forces of the state are involved in commercial activities. Public service takes the second lot while a small percentage is engaged in the industrial activities. Industrial activities are coordinated by the states Ministry of commerce and industry in concert with relevant federal and local government agencies.

Bakery firms' activities, since they are industrial come largely under the jurisdiction of this ministry. In this case it deals with the Master Bakers' Association, the umbrella body of bakery firms in the state. It is pertinent to impact on the activities level and development of bakery industry.

## **2.6 AN OVERVIEW OF MARKETING ACTIVITIES IN THE BAKERY INDUSTRY**

Discussions will be based on the following sub-headings: introduction. Product related activities, pricing activities, distribution activities.

## **2.7 INTRODUCTION OF MARKETING ACTIVITIES**

Marketing as an activity area in business is base on identifiable variables. Kalu (1985), observed that the fundamental basis and cardinal idea of marketing is exchange.

Going by the generic sense. Exchange here is seen as involving not only physical products or services, but ideas held by individuals or group individuals.

Marketing is a theoretical sense, according to him, encompasses exchange activities conducted by individual an organization for the purpose of satisfying human needs. From this definition, the job of the marketer is seen as to identify human wants and need, design suitable products, price and promote such products, and finally, distribute them through the continued efforts of the producer, intermediaries, and other facilitating agency. Here this gives rise to the price, marketing mix which according to Okea for (1996), include products, price, promotion, and place (distribution), otherwise known as marketing variable.

The bakery industry like other business sectors in Nigeria carries out marketing activities. Writing on the basic marketing activities carried out by most business organization in Nigeria, Nwokeoye (1981), identified these as including designing, developing, producing, branding, and packaging their products. Others are transporting the goods and storing them at strategic geographic points, sorting them into appropriate lots for buyers. Added to these, prices of such goods are established at both wholesale and retail basis, credit facilities are providing to buyers and organizations bear the risks of owning inventory pending the consummation of sale and transference of title.

Organizations also provide information about aspects of products such as its features, use and availability. This is usually through advertising and personal selling. Finally post transactions activities follow: which ensure satisfaction with the products demand? Researches are conducted on the products and some other aspects of the marketing process such as buyer behaviour, channels etc

## **2.8. PRODUCT ACTIVITY**

Much has been written about product by many marketing writers. The great attention emphasizes the importance of product in any corporate programme.

## **2.9 PRODUCT DEFINED**

There have been many definitions put forward to explain what a product is, Most of these definitions approach product from a very narrow perspective. A typical definition in this narrow context sees product as set of tangible physical attributes assembled in an identifiable form. It has been defined, as cited by Boone and Kurtz (1992), with focus on functional and physical characteristics of good or service.

Stanton et al (1991) are of the opinion that these definitions are far too limited to convey the breadth of the product concept. In marketing, there is a need for a definition that communicates the idea that consumers want to buy not just products but solutions to problems. This approach is a much broader view. Boone and Kurtz (1992) lend credence to

this opinion in submitting that marketing Decision Makers must have this broader conception of product in mind and realize that people buy satisfaction for example, most buyers know very little about the petrol they buy. In fact, many view it not as a product but as a price they must pay for the privilege of driving their cars. This broader view extends beyond physical or functional attributes. It is total product concept that includes package design and labeling, symbol such as trade marks and brand names, and customer services activities that add value to the product. The presidential Hotel product for instance, is a service that provides the benefit of comfortable night's rest at a reasonable price.

With such broad conception of product in mind, Stanton et al (1991) defined product as 'a set of tangible and intangible attributes, including packaging, colour, price, quality, and brand, plus the services and reputation the sellers.' They believe that consumers are buying want satisfaction in the form of product benefit. A similar definition by Boone Kurtz (1992). describes product as a bundle of physical, services and symbolic attributes designed to enhance consumer want satisfaction. Gazapiel (1992) views product as having value and he writes. "Modern strategic theory has held since the 1970s that products have value and that the image of the product reflects this value as perceived by the consumer".

## **2.10 NEW PRODUCT DEVELOPMENT AS A BUSINESS STRATEGY**

In today's intensely competitive business climate, firms are becoming more: strategic, flexible, and focused in their goal to remain competitive. There are elaborate strategies to exploit opportunities available to them while trying to contain their weaknesses what is the position of new product development in this effort by firms to remain competitive.

"There really is power in new products". Kuemarski (1992) declares. This includes power that can fuel revenues and profits, accelerate stock prices. Preempt foreign companies, erect competitive barriers, and provide entry access into new categories and market. The underlying reason for a company's earning success, according to him is largely attributable to new product launch.

Other writers have agreed with Kurzmarski (1992) that innovative new products can present the life blood of corporate growth. New products have the power to propel an organization with a mediocre performance record into a high-growth star, they have the power to turn a team manager into a motivated, committed, and dedicated corporate resource they carry the power to catapult a small division into a big league. New products also have the power to change the perception of financial community and positively affect stock. In summary, he posit

“Corporations must consider growth through internally developed new products a critical component of their business strategy. New products can play a dramatic and instrumental role in shaping a company’s future performance and increasing shareholder’s wealth, if properly managed, new existing products”.

In a similar submission, Johnson and Jones (1975) state that it is rare company that can escape the impact of today’s rapidly shifting markets and expanding technology and so existing products can be expected in the course of time either to be preempted by new and improved products or to degenerate into profit-less price competition. And so it is only through continually bringing forth new products can most companies sustain their long-run growth and profitability.

The positive impact of new product development is further highlighted by Griffin and Page (1993). They posit that new product development can contribute to improvement in organizational performance in various way, including enhanced profits, greater market share, reduced time-to-break-even improved competitive advantage, image, reputation etc. Stanton et al (1991) also in recognizing the positive attributes of new products declares that! Effective new product planning and development are vital to a company today, and further observe that for companies, a substantial portion of sales volume and net profit come products that did not exist 5 to 10 years ago



Okefor (1996), lists a number of benefits of new product and include the following helps stabilize company scales, increases profits, reduces risk of dependence on one product, maximizes use of distribution system enhances company image etc.

### **2.11 NEW PRODUCT DEVELOPMENT PROCESS**

Managing new products successfully, in view of Kurzmarke (1992), requires a commonly applied, disciplined process that is consistently used and understood by all managers. Companies use a variety of approaches to develop new products. While no single process is suited for all companies. Kucmarski believes that there are common elements among effective processes that serve as guideposts for constructing a company specific new product. He emphasized further that any new product development process could include direction setting and process development. Direction setting is important as it arms managers better to focus on development activities. The consrection setting tools he identifies as the blueprint and strategy. Stanton et al 1991), Boone and Kurtz (1992), and many other marketing writers identify a x-step developmental process, and they include the following, idea generation, screening, business analysis, development, testing, and commercialization. Okefor (196) adds concept testing, which should be undertaken after idea screening. Kuemarski (1992), however suggests a ten development process in addition to the seven above, he adds needs and plant exploration, plant scale-up, and post launch check-up.

## **1. NEEDS AND WANT EXPLORATION**

Before idea generation begins, exploratory market and customer research is an essential component of the new product development process. This step is seen as vital as it provides the foundation and platform for effective idea generation. It offers tangible needs, wants, gripes, complaints, and problems that customers have about certain activity function, or product/service performance. Quoting, Kuemarski". Exploratory research prior to idea generation provides a basis for creative solution for specific problem needs or want".

## **2. IDEA GENERATION**

This is a systematic search for new product and opportunities; Okeafor (1996). Stanton Et Al (1991) posit that it is particularly important to develop a system within an organization for stimulating new ideas and then acknowledging and reviewing them promptly. Boone and Kurtz (1992) believe it is important for the firm to develop a system for stimulating new ideas and rewarding their creators. A number of tools and approaches has been suggested by Kuemarski to solicit emerging ideas.

They include:

- a. One to one interview or group sessions with (i) employees across functional areas, (ii) management, (iii) suppliers, (iv) customers,
- (v) Competitors, (VI) sales representatives.

- B. patent searches
- c. Warranty Cards
- D Questionnaires and surveys
- e. Trade shows
- f. Trips to foreign Countries
- g. Purchased and customized research
- h. focus groups.

### **3. CONCEPT DEVELOPMENT**

At this point, there could well be dozens of ideas that have been generated in each potential category. Turning idea into concept, Kuemarski, means giving the form, substance, and shape, making rough sketch; envisioning the type of package, the price and so on. The concept describes the real functional, perceived benefits of the new product concept. The author argues further that some initial screening should take place at this stage to determine which concepts warrant business analysis.

### **4. IDEA SCREENING**

The critical screening stage involves separating ideas with potential from those incapable of meeting company's objective. Okefor (1996) reports that some organizations use checklist to determine whether product idea should be eliminated or subject to further consideration. The checklists typically include such factors as product uniqueness, availability of raw materials and proposed product compatibility with current product offerings, existing facilities, present capabilities,

company image and cost of production. Boone and Kurtz (1992) also report that screening stage could also consist of open discussions of new product idea among representatives of different functional area in the organization

## **5. BUSINESS ANALYSIS**

Product ideas that survive the initial screening are subjected to a thorough business analysis. The analysis is an assessment of new product's potential market, growth rate, and likely competitive strength. Decisions must be made about the compatibility of the proposed product with such company resources as financial support for necessary promotion capabilities, and distribution, Boone and Kurtz (1992).

## **6. CONCEPT TESTING**

Okefor (1996), states that testing is a quick consumer feedback on new product ideas. A company presents the picture of the idea, a written statement about the idea or an oral description of the product idea to potential customers or dealers. Boone and Kurtz however think that it is a part of business analysis, concept testing, or the consideration of the product idea prior to its actual development, an important aspect of the business analysis." They write. The importance of screening and business analysis stages are emphasized more by Richman (1991). He state that several studies indicate that firms spending more time and money in predevelopment activities have a higher rate of product success, have reduced the number of mistake, and have shortened the time in the development stage.

## **7. DEVELOPMENT**

This is the conversion of the product idea into a physical product. The

Process will include quality determination, features, style, and packaging.

## **8. TEST MARKETING**

To determine consumer reactions to a product under normal conditions, many firm test-market their new product offering, declare Boone and Kurtz (1992). The define test marketing as the process of selecting a specific city or television coverage area that is considered reasonably typical of the total market and introducing the product with a complete marketing campaign in this area.

Test marketing according to Okeafor, enables the company under a marketing plan to analyze buyer reaction, evaluate competitive responses, reactions of channel members and consumer complaints. The company uses the findings, to modify the product, the marketing plan etc. Boone and Kurtz, report that firms omit test marketing and move directly from product development to full-scale production. Four reasons given for this are:

- i. Test marketing is expensive.
- ii. Competitors who learn about the test market often disrupt the findings by reducing prices of their products in the test area and other practices that will shift consumer's attention from the test products.

- iii. Long-lived durable goods, such as dish washers, compact disc players etc. are seldom test-marketed due to major financial investment required for their development.
- iv. Test marketing a new product communicated company plans to competitor prior to its introduction.

## **9. INITIATE PLANT SCALE-UP**

At this point, the decision to launch or not must be made. Additional equipment may need to be purchased, factory lines shifted, new tooling added. The product needs to be tested in the plant in large enough quantities to ensure product quality prior to launch Kuezmarski (1992).

## **10. COMMERCIALIZATION**

The company formally introduces the product to its target market using an appropriate marketing plan. Okafor (1996) advises that an appropriate promotional mix should be designed pricing, production quotas, intensity of distribution, etc are put in place to accelerate product acceptance by the market.

## **11. MONITOR PERFORMANCE REGULARLY AGAINST THE ORIGINAL PLAN**

This step, as has been noted by Kurzmariski, is often overlooked by companies, he believes it can provide significant leverage in the development of successful new products. Management frequently revises forecasts once the new product has been in the market for six months.

## **2.12 BRANDING AND PACKAGING**

Another major activity associated with product is branding. The American Marketing association committee on definitions in 1996 defined a brand as “a name, symbol or design or combination of these, which is intended to identify the goods or services of one seller or group of sellers to differentiate them from those of competitors”. Thus, a brand name consists of words, letters, or numbers, that are vocalized whereas a brand mark is part of a brand which is in the form of symbols, design or distinctive colouring or lettering. Trademark on the other hand is a brand that is given legal protection because it is being appropriated exclusively to one marketer.

Marketers may adopt various brand strategies in effecting their brand activities.

Most of the bakery firms in the state try to brand their products one way or the other so as to differentiate their products from others in the market. Jack Wilson, the managing Director of Wilson bakery is of the view through brandings; a baker makes a statement concerning the dependability of his products.

The level of brand development among the bakery firms is quite varied. There are some firms that have quite a well development brands. A typical example is Santa bakery, which has a well-developed brand name, and trademark.

Like branding, packaging is another important related activity area, which the marketer engages in. packaging may be

seen as including all the activities that are related to designing and producing the container or wrapper for a product. Rosenberg (1977), identified these forms of packaging which is the products immediate container, secondary packaging which is the additional layer of protection that are removed when the products arrives home and is ready for use, and finally the shipping package. In developing a package, a business organization as its first task, is arriving at a packaging concept, which looks at the principal function of packaging. This may be to suggest important about that product or to introduce an impressive visual element, or to protect the product more efficiently than the competitors'. Then is the decision on size, shape, colour, texture, and brand mark. Other activities identified include labeling, and other product support services. There has been improvements in packaging and labeling in the bakery industry. As the secretary- General of Imo State Master bakers posits, there is now an increased awareness of the roles of packaging and labeling not only in product preservation but also in communication. And many companies today have either re-designed or are redesigning their product packaging to keep up with events in the industry.

### **2.13 BAKERY PRODUCTS**

The term baking defines the operation of heating dough products in an oven but since there are many steps that must take place before the oven, if it is to be successful, the term



baking has come to mean all of science and technology that must precede the oven, as well as oven heating operations itself.

According to Alao (1995), there are three technological principles involved in baking; they are conversion of starch, mechanical stretching and flavouring. Therefore baked products are classified in terms of their formulas, methods of preparation, product characteristic and according to the leavening process. On the basis of the last characteristic, he further classified bakery products into:

1. Yeast raised products:-These include breads and sweet dough leavened by carbon-dioxide from yeast fermentation.
2. Chemical leavened products- include layer cakes, doughnuts and biscuits raised by carbon-dioxide from baking powder and chemical agent.
3. Air leavened products -These include angel cakes and sponge cakes made without baking powder.
4. Partially leavened products- These include pie crust, certain crackers and other items where no leavening agent are used intentionally. Yet; a silent leavening occurs from steam and other gas during oven baking operation.

Based on the above, we can classify the following bakery products:

**1. BREAD:** It is a yeast raised bakery product. Bread is baked at temperature of about 248°C for a period of 40 to 50 minutes

depending on the type and size of bread. A loaf of bread has certain characteristics by which its quality is judged.

- a) Texture:** This refers to the grain, the thickness or thinness of the cell walls and the measure of tenderness.
- b) Colour:** This crust should be golden-brown in colour. Greenish colour of the crust is a sign of poor quality in oven fermented dough, a loaf will contain larger quantities of dextrin's than are found in a properly fermented loaf, and this will cause the interior of the loaf (the crumb) to be darker in colour.
- c) Flavour:** Flavours are usually added to bread to enhance taste. There are different ranges of flavors a baker could select to add to his product.
- d) Volume:** Bread is usually a product with loosely packed grains or crumbs. Insufficiently fermented dough will give a starch gel, which is too stiff to permit, expansion, and small dense loaf will result.

Bread is a highly perishable good with a shelf life of about four days. In recent times however, there has been breakthrough in the area of preservation. Breads can now be kept in a good state for about 7 to 8 days. In the labels of most breads this extended shelf life is stated.

There are also different bread types that have been introduced to the market in the last five years. They range from whole-wheat to unleavened bread. Flours, colours shape, and more recently, slicing, are some of the strategies of

differentiation of products used in the industry. In addition the Master bakers Secretary General states, that these factors are considered in their market coverage efforts. For example; He says that sliced breads are usually used to appeal to the high and middle income segment of the market.

**2. BISCUITS:** It is a chemical leavened product its texture is different from that of bread in its more densely packed with finer grains. It is crispy and has a longer shelf life compared with bread. Usually, biscuits have brownish colour but colouring agents are used sometimes to give them distinctive colour.

**3. CAKES:** These are air or chemical leavened depending on the type. Actually there are different types of cakes and include layer cakes, angel cakes and sponge cakes. Generally, cakes are loosely packed mass with fine grains, are well aerated. It is highly perishable with a self-life of a few days. Cakes usually have brownish to chocolate colour imparted on it by oven baking but can also be enhanced by addition of colouring material. Usually they are produced in different sizes.

**4. DOUGHNUTS:** These are chemical leavened bakery products. It is a densely packed mass having a longer shelf life than cakes. Like most oven baked products, they have brownish colour and have crusts but not as thick as that of others too come in different sizes.

**5. PIES:** These are also chemical leavened bakery products there are different types of pies and some of them are meat pies, fish rolls, unlike most bakery products, pie products are not

allowed to brown as they are baked under very controlled temperature.

**6. CRACKERS:** It is generally regarded as a form of biscuits but in reality it is not because whereas biscuits are chemical leavened, crackers are partially leavened products. They are quick dry, having a higher crispy characteristic than biscuits. Usually because of the temperature at which it is baked, it also usually has brownish colour but bakers sometimes use colouring materials to give products desired colour.

**7. BURGERS:** Burgers like bread are yeast leavened bakery products,

but unlike bread, it does not pass through the proving process. The time required for it to rise is shorter than that bread. It also has the characteristic brown colour. It is densely packed lacking the finer grains of bread.

## **2.14 PRICING ACTIVITIES**

Price is an important concern of non-profit as well as profit making organization. Nwokoye (1981), defined price as “the amount of money to acquire a given quantity of goods and services.” He further developed a mathematical model to show price (B) as  $P = MX/Y$  units. He represents price. P.X. is the monetary value of product's cost and Y. represents unit of the products being priced. He later identified price as the one component of the marketing mix that generates revenue where the others are seen as generating costs.

Just like in other marketing activities, organizations engaging in pricing related activities have set objectives guiding them. Some of these as identified by Rosenbery include profit motive, volume and status-quo objectives. Profit motive, he explained may include profit maximization. Target rate of return on investment and satisfactory profit. Volume motive may be maximization of customer volume. The status quo objectives of pricing may include meeting of stable price, achievements of certain markups and recovery of costs.

For the forces that shape up organization's decisions, he maintained that' they are both internal and external. Internal forces include pricing objectives of the firm, organization behind the pricing activity and costs among others. External forces that may affect. Pricing activities include demand for the product, supplier factors, competitors, buyers, the government and economic conditions such as inflation, recession, and even boom in the economy. He developed a model of strategic pricing process to include selecting target market, studying consumer behavior, identifying competition, assigning price a role in the marketing mix, relating cost and demand and determining strategic price. Okefor (1996), states that a price strategy begins with a clear statement of objectives and ends that needs to be met with the price. Such ends are re-examined when a new product is developed, a product is modified through life cycle or when competitive environmental factor change. He listed the following price strategies; cost based pricing which

include cost-plus pricing, mark-up pricing, Break-even analysis; demand based pricing, competition based pricing, target pricing, price lining, loss leader pricing, psychological pricing, prestige pricing, odd pricing. Others include quantity discount, trade discount's cash discount, free on board (l'.O.B.) pricing variable pricing and unit pricing.

Kalu (1995), defines price policy as “a plan or course of action for achieving price objectives. Through pricing policies management can determine the role of price in the marketing mix and guide itself generally in making pricing decisions over long period according to him, a marketer has two price policies at the market pioneering stage. They are price skimming and penetration pricing. Price skimming is a new product pricing police setting the highest possible price that buyers will pay. This policy aims at attracting the market segment that is more concerned with product quality. Uniqueness or status than price. On the other hand, penetration-pricing policy utilizes low price to capture the mass market and generate a larger unit sales volume for a product or services. It is applicable in a situation where customers are highly sensitive to price.

Price administration 1 Nigeria is seen as not developed as what is obtained in more developed economies Eleke (1981), observes that prices setting in Nigeria business establishments is mainly based on cost theory and market demand theory and that these are governed by such policies as one price for all customers. He argues further that the cost theory is not even

highly used in most Nigerian small-scale businesses. He equally posits that demand theory which focuses on customer for determining price is seen as not being widely used because of poor education background of many small business owners. Usually, the demand theory is intuitively applied, he states in these firms. Here the seller usually make general observation of the quantity of goods in circulation and the prevailing price in the market and then price in his goods based on the above facts.

Price setting in the bakery industry in Enugu States is semi-centralized.

This is because the bakers' union demands her members to mark up their prices by twenty percent of the cost.

## **2.15 COMMUNICATION OR PROMOTIONAL ACTIVITIES**

Promotion is a major variable in the marketing mix. The essence of this is that it moves a person or organization closer to the point of making a marketing exchange.

Okeafor (1996), defines promotion as nay form of communication used by a firm or seller to inform, persuade or remind potential buyers about its products/services, image ideas etc.

The promotion mix is complex tools that are communicational. Nnedu (1989) identifies these tools as including advertising, sales presentation and demonstration, point of purchase displays, sales aids (catalogues, samples, literature etc. incentive tools (contests, premiums and samples)

and publicity programmed. Okefor (1996), also identifies word of mouth, personal selling and public Relation.

It is observed that the above tools serve as the channels of information and persuasion through which bakery firms facilitate the sale of their goods to the buyers both current and potential.

Promotional activities tend to be successful when a firm begins with clear, realistic and carefully researched objectives. This is of course very true for the bakery industry where promotion is still terribly under-developed. Okoro (1995) has observed that the nature of promotion activities engaged by organization reflect their prior activities. He identified two types of promotion activities, which are based on marketer's objective; they include primary and secondary promotion. Primary promoting a product class as a whole and thus do same secondary promotion is rather a situation where the firm promotes its own individual brand with the belief that its sales will benefit from it.

Bakery firms have alternative channels to provide information and persuasion designed to move them closer to the point of making a marketing exchange. The four principal one are media (television, radio, newspapers, and direct. Mail), face to face using sales people), and sales promotion. These channels are at times used singly or in combination, depending on the need of the firms using them. When used in combination synergy results.



Deciding on promotion mix in the bakery industry is not done without considering some critical factors. These have been identified by Nnedu (1989), as life cycle, size of budget, and organizational philosophy. He posits that organization start to make rightful and most pragmatic decisions on promotion where the above factors are fully considered.

Usually marketing communication, which incorporates promotions activities, adopts a well-defined planning process the reason is to give the planner a clear-cut direction Nnedu (1989), identifies the decision areas in marketing communication as including the definition of the company's major planning objectives such as creating awareness, inducing trial of the product, increasing brand preference/insistence and changing customers(s) attitude(s). Determining what communication budget is necessary to achieve the objectives.

It is pertinent to mention at this point that bakery firms can achieve the most effective promotion by effective planning and the use of a combination of media and communication vehicles including word of mouth, personal selling, advertising sales promotion, public relations, relations, publicity, display packaging and labeling.

## **2.16 PROMOTION IN THE BAKERY INDUSTRY**

Bakery firms have alternative channels to provide information and persuasion designed to move them closer to the point of making a marketing exchange. The principal ones are media (television, radio, newspapers, and direct mail), word

of mouth promotion, publicity used of sales people, sales promotion, displays, use of packaging, labeling materials and literature.

However as has noted by Ben Nwaka of Decency bakery the benefits of promotion has not been adequately exploited in the industry. In collaboration with other members of the Master bakery's association, he argues that promotion activities in the industry are mostly limited to word-of- mouth promotion use of labeling and packaging. Comparatively, it is noted that the industry ranks among the least in Nigeria in terms of promotion. Quickly, he points out that, there is currently no bread firm in the eastern state advertising its products in the electronic media, a handful are just using the print media. In his opinion that increased promotional activities will create more awareness about the industry and will enable the industry to attract more capital and quality manpower.

As noted by Nwaka, the industry relies a lot on the use of word of mouth promotion. The use of labeling and packaging as communication tools in the industry has also increased in the recent times. It is very common to see a typical label containing a lot of information about product than used to be the case.

## **2.17 DISTRIBUTION ACTIVITY**

Different authors have variously defined a channel of distribution at different times. Some of these are Stanton et al (1990) who defined it as the view that a channel of distribution always includes both the producer and the final customer for

the product as well as middlemen (such as wholesalers and retailers). Furthermore, they pointed out that a channel for a product extends only to the last person or organization buying it without making any significant change in its form. When its form is altered and another product emerges a new channels is started.

American Association of Marketing (1992) gave a more elaborate definition and according to them, a channel of distribution is: “The structure of intra-company organization units and extra-company agents and dealers, wholesale and retail, through which a commodity, product or service is marketed.”

This definition captures;

- i. Both firms internal marketing organization units and the outside business units uses in its marketing work, and
- ii. Both the channel structure of the individual firm and the entire complex available to all firms.

The Macmillan Dictionary of Marketing and Advertising quoted by Baker (1991) explains further “a channel consists of all those steps through which a product must pass between its point of production and consumption”.

A similar definition was also given by Pride and Ferrell (1989). From their definition, a channel of distribution is made up of a group of individuals and organization that direct the flow of products from producers to consumers. Thus buyer's

desires and behaviour are the important concerns of channel members.

The routes followed by the products (or at least their ownership) as they travel to the ultimate customers by way these other organizations has been put forward as a suitable though compressed definition of marketing channel by Wilmshurts (1991).

Bakery (1991) posits that the primary purpose of a distributive channels is to bridge the gap created between producer and user as a result of economic dynamism, by resolving spatial and temporal discrepancies in supply and demand. Irrespective of the extent of these discrepancies, there are certain essential functions, which the author believes must be performed, they include:

1. Transfer of title to the good involved
2. Physical movement from the point of production to the point of consumption.
3. Storage functions
4. Communication of information concerning the availability characteristics and price of the goods.
5. The financing of goods in transit, inventory and on purchase.

In a further clarification, he posits that however, the importance of these functions varies, depending upon the nature of the goods themselves. In essence, the functions are common to all distributive channels, but in particular it is

necessary to consider the precise nature of the product, and seller buyer relationship, to determine their relative importance.

Boone and Kurtz (1992) are of the opinion that distribution channels create three types of utility for consumers. They include:

- i. Time utility, which is created when distribution channels products for purchase by the consumer at the right time.
- ii. Place utility created when goods and services are available at a convenient location.
- iii. Ownership utility, which is created when, titles to the product, passes fro the producer or intermediary to the purchaser.

Other functions which the authors believe are carried out by channel of distribution are:

- a. Facilitating exchange process
- b. Sorting to alleviate discrepancies in assortment
- c. Standardizing transactions
- d. Search process.

## **2.18 TYPES OF DISTRIBUTION CHANNEL**

Literally hundreds of marketing channels exist today and obviously, there is no such thing as one best distribution channel. The best channel for Nigeria Breweries as indicated in their cluster scheme strategy may not be the best for Guinness. Similarly, a channel employed by Prime Bakery Nigeria may not be acceptable to another baker company.

Boone and Kurtz writing on the suitability of a particular channel, advise marketing managers that instead of searching for the channel for all products, they should analyze alternative channels in light of consumer needs to determine the most appropriate channel for the firm's goods and services.

### **INDIRECT DISTRIBUTION CHANNEL**

Producer — Retailer — Final Consumer

Producer — Wholesaler — Retailer — Final Consumer

Producer — Agent — Retailer — Final Consumer

Producer Consumer

Source Okefor U.S. (1996) African Educational Service. Fig a; depicts the major channels available for marketer of consumer goods. Compared to industrial channels, consumer channels tend to be longer due to geographic dispersion in consumer buying and a relatively large number of purchasers.

From Baker' (1991) point of view, the above model can be divided into three categories and that will include:

- a. Direct sale
- b. Sale through intermediary
- c. A dual policy combining direct sale with the use of intermediary.

- a. Direct distribution:-** defined by Boone and Kurtz (1991) is direct sale contact between buyer and producer. Thus in the model above, producer to consumer channels is a form of direct sale. Stanton et al (1991) believe that it

accounts for the greatest money volume of business products than other distribution structures. Even though it is the simplest method, pride and Ferrell, however declare it is not necessary the cheapest.

**b. Sale through intermediary or indirect distribution:-**

This structures contrast the direct method because addition to the producer and final consumer, it involve at least one level of middlemen. Included are:

1. Producer to wholesaler to retail to consumer: This traditional channel for consumer goods proceeds from producer to wholesaler to retailer to user. Producer with limited lines usually uses it. Producers with limited financial resources utilize wholesalers as immediate source of funds and as a means of reaching the hundred of retailers who will stock their output.
2. **Producer to agent to wholesaler to retailer to consumer:** when goods are produced by a large number of small companies a unique intermediary the agent performs the basic function of bringing buyer and seller together. The agent does not take to the goods but merely represents the producers. He performs the functions of brining buyers and sellers together.
3. **Producer to retailer to consumer:** In this case, retailer buys from producer and sells to consumer. In the agricultural industry and bakery industry this is very popular

**c. Dual Distribution:-** This refers to the use of two or more distribution channels to reach the same market, (Boone and Kurtz, 1992), gave further reasons why dual distribution could occur

- i. When sizes of buyers varies greatly
- ii. When density differs across parts of the market

Quelch (1987), in addition posits that same products to both consumer and business markets could lead to dual distribution.

## **2.19 INTENSITY OF MARKET COVERAGE**

Characteristics of the product and the target market determine the kind of coverage a product should get, that is the number and kinds of outlets in which it is sold. To achieve desired intensity of market coverage, pride and ferrel (1989) suggest that distribution must correspond to the behaviour patterns of buyers. Aspinwall (1961) has stated that consumers view products as to replacement rate, product adjustment (services), products, and similar factors. These variables directly affect the intensity of market coverage.

Pride and Ferrel have identified two levels of market coverage as intensive, and selective.

- i. Intensive:-** In this method, all available outlets are used for distributing a product. It is appropriate for convenience products such as bread. beer, newspaper, etc. To consumers, availability means a store located nearby and minimum time necessary to search for the



product at the store. The successful sale of bread and milk in petrol stations has shown that the availability of these products is more important than the nature of the outlet. Convenience products have a high replacement rate. To meet these demands, intensive distribution is necessary, and dual channels may be used to sell through all possible outlets.

- ii. Selective distribution:-** Here only some available outlets in an area are chosen to distribute a product. It is appropriate for shopping products. Durable goods such as typewriters and radios fall into this category. Consumers are willing to spend greater searching time visiting several retail outlets to compare prices, designs, styles, and other features. Selective distribution is desirable when a special effort such as customer service. Form a channel is important. Shopping

## **2.20 DISTRIBUTION MODES IN THE BAKERY INDUSTRY**

Bakery firms in Imo State engage a lot in distribution activities, this according to Mr. Wilson of Wilson bakery is because distribution is a very important marketing activity since it is revenue generating. He enumerated some factors that determine distribution mode as nature of products (perishability), location of factory and transportation mode and cost. Usually both direct and indirect modes of distribution are applied in the industry. The direct modes he points out involves the use of company owned retail outlets to make product

available to consumers, another forms of direct distribution available involve the use of company owned sales organization. However, these strategies are not in common application, Wilson points out. A more common mode is the indirect distribution channel. Over-the-counter sales seeking out and delivery of products to retailers are some of the common methods.

## **2.21 BAKERY PRODUCTS DEALERS**

Bakery products dealers could be found among both wholesalers and retailers. Greater proportions however, are retailers. Due to the high perishability of the products and small-scale production of most firms, the services of the independent wholesalers are done without most times, as most firms do their own wholesaling. In the biscuit sub sector, however independent wholesaler's services find application. This is explained by the fact that there is large production in biscuit sub sector. The dealers in baker product can be classified thus:

### **1. MER CHANT WHOLESALERS**

These wholesaler purchase large quantities of bakery products especially biscuits and to a smaller extent bread from bakers and resell in small quantities to retailers. These dealers usually operate warehouse and depots and bulk is broken. These class of wholesalers take title to goods they deal in. reliance bread shop is one of the few wholesalers of bread. This

firm which has its operational base in Bayelsa State buys in Bulk from different bakers, from as varied places as Imo, Rivers, Abia, Enugu and Anambra State in bulk and resell to retailers. The manager of the firm admits that they are having good business because there are very few bakeries in the states and they cannot meet the needs of indigenes and more over they offer variety of brands to customers.

## **2. AGENTS AND BROKERS**

These are also wholesaler but are different from the first category in that they do not take title to the goods they deal in. they do not receive profit either but earn commission for their services. This category is more common in the bread sub sector. They carry relatively large stock from producers and sell to retailers in their respective territories, earning a pre-accepted commission per each unit sold. In these states because of the problems of transportation and the need to reach more markets, bakers employ the services of agent. Most times these agents use motorcycles, which may be theirs or provided for them by the baker to take large quantities of bread to markets outside the township. At the end of the day, they return unsold stock to the baker and receive their commission on the sold products.

## **3. SUPERMARKETS**

These are departmentalized retail establishments that deal mostly in food and household items. This class of retailers constitutes one of the important group of dealers in bakery

products because they carry almost all the range of bakery products. The ubiquitous nature of supermarkets also makes them important channels member of baker products.

#### **4. FULL SERVICE BREAD RETAILERS**

These can be said to be the most important dealers in bread because they carry only bread. Some carry assortment of breads while others carry only one brand. There are dealers on this nature also involved in the distribution of other bakery products like meat pies, cakes, and burgers. They are found almost every where.

#### **5. NON-STORE RETAILERS**

These are also important members of the distribution channel of bakery products. As the name depicts, these do not operate stores. They include the ubiquitous hawkers, sales persons, delivery van services, roadside kiosk, etc.

#### **6. SCRAMBLED RETAILER (MERCHANDIZING)**

This is also becoming an important means for the distribution of bakery products. A typical example of this is petrol station that is progressively adding bakery products stores to their regular services. Okefor (1996), explains that retailers do this in order to provide a one shopping service for its customers increase its store traffic, profit margin and increase impulse buying of customers.

## **2.22 TRANSPORTATION IN THE BAKERY INDUSTRY**

Transportation is one of the hallmarks of distribution of bakery products. It facilitates the movement of products from factories to store. Various dimensions of transport modes exist namely road, rail water and air. However the modes that are most in use in the South eastern States and elsewhere in Nigeria are road and water. In the use of these transportation services, firms select different carriers and use different criteria according to their organizational setting (Oburegha 1996).

One of the more important criteria considered in choosing a carrier is the speed of delivery. Wilson (1999) believes that because of the shelf life of most bakery products, there is need to distribute them in time. The high perishability of these products transportation on a focal position, for in the view of Okeafor (1995), transport operations form the fundamental basis to the economical management of physical distribution. Other criteria include consistency of service, dependability, capability and cost of maintaining carries.

In light of these criteria, Wilson states that the most commonly used carried are buses and light tracks. Buses are very popular. This choice is because they are relatively fast easy to maneuver in the Nigeria traffic, able to carry sizeable quantity of products at a time and of course cheap to run since most are run with diesel. Trucks are important components of carries in the biscuit sub sector. In the river line areas water

transportation by boats are important transportation modes in the distribution of bakery products.

Another important mode that is becoming increasingly important is the use of motorcycles. Most bakeries maintain a fleet of these. They give out these to agents and company employee for the distribution of the products. The importance of this mode is seen against the background that motorccles are easy to operate in bad roads, traffic hold-up, easy to maintain and are efficient.

Transportation as observed by Oburegha (1996), generally is about the largest since cost item in physical distribution process. The same is true in the bakery industry. In spite of this relatively high cost, the place of transportation in the industry cannot be argued against for its benefits can be seen both in time and space dimensions and becomes more obvious if it is possible to make reduction in transportation costs in both dimensions at once.

## **SUMMARY**

In this chapter, the focus has been to review related literature on the subject matter. The literature reviewed includes local and international literatures. Local newspaper and magazines were also reviewed. Effort was also made to highlight critical issues and development in the industry.

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## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 INTRODUCTION**

The aim of this chapter is to explain the method the researcher used in obtaining relevant data for this research and the subsequent data analysis. Population composition and method used in selecting sample size are discussed. The data collection instrument is also discussed. The chapter highlights the methods that have been chosen to organize and analyze data collected, and finally the statistical method used in testing the stated hypothesis in chapter four. These are fully explained under the following heading

- Population description. Research design, Questionnaire design. Method of organizing and analyzing data.

#### **3.1 RESEARCH DESIGN**

Research design is framework or plan that is used as a guide in collecting and analyzing data of study. In the words of Osuala (1980:10) research design as the arrangement of conditions for the collection and analysis of data in a manner that aims to combine relevance of research purpose with economy of procedure.

Tull and Hawking (1983:2) described research design as the spelficalian procedure for collecting and analyzing data necessary to define and solve the problem.



### **3.2 SOURCES OF DATA**

In carrying out this study ,collection of data is based on both primary and secondary sources of information.

#### **PRIMARY DATA**

Collecting data for this project. I conducted a survey to collect my primary data. Combination of the data was required by researcher to elicit reliable information that would assist in arriving at a dependable conclusion of the primary objective 01 the research work. Two hundred and four (204) copies of questionnaire in all were administered. This was dully administered to some selected baking firms operating in the South Eastern States, which include Imo, Abia, Anambra, Enugu and Ebonyi States.

#### **SECONDARY DATA**

The facts that are presented in this study include data sourced from the internet, newspapers, Magazines and in house marketing journals.

### **3.3 DETERMINATION OF SAMPLE SIZE**

A sample of two hundred and four bakeries was arrived at using non- probability convention. The following criteria determined the sample size:

- (I) Bakers belonging to the master bakers union of these states
- (2) Bakers registered with Ministry of Commerce of these states but not belonging to the Master Bakers Union.

(3) Bakers covered by the two criteria above whose products are found outside their locality (state).

Based on the above three criteria, the summary of the sample size per state is

Given below:

1. Imo	40 bakeries
2. Abia	45 bakeries
3. Anambra	44 bakeries
4. Enugu	40 bakeries
5. Ebony	35 bakeries

***Source: Master Bakers Union and Ministry of commerce of the South Eastern States.***

### **34 METHOD OF DATA ANALYSIS**

For the purpose of analysis the hypothesis stated in this research-work, the researcher employed the Chi-square hypothesis testing techniques. The Chi-square tests the difference between a set of Observed frequencies (O) of a sample and set of expected frequencies (E).

The Chi-square ( $\chi^2$ ) test can be used for one or more variables. According to Hotel (1980) the Chi-square is defined as the sum of the ratio of differences two squares of the observed and expected frequencies. It is represented by following;

Where;	$\chi^2$	=	Chi-square
	$O_i$	=	Observed frequencies
	$E_i$	=	Expected frequencies

The degree of freedom is usually determined by  $(R-1) (C-1)$ .

Where;  $R$  = Number of rows in the table

$C$  = Number of columns in the table

### **DECISION RULE**

Reject the  $H_0$  (null hypothesis) if the calculated  $X^2$  (chi-square) value is greater than the CM value, otherwise accept.

### **3.5 VALIDATION OF THE INSTRUMENT**

These are two important constructs in the measurement of research variables. They are to fulfill the requirements that the study must meet certain tests in order; be acceptable.

Validity is defined as an extent to which a test measured what is supposed to be measured another term for it is relevance Baridam (2001). The objective is to obtain the true value of the variables being used. Validity based on content deals with researchers' subjective evaluation while sample validity deals with whether a given population of situation is adequately sampled by the measuring instrument in the question.

In this study, questionnaire is given to validate its content and expert judgments on the subject matter in the field (marketing) was sought and agreement among the specialist were reached.

### **3.6 RELIABILITY OF THE INSTRUMENT**

In carrying out a research work of this nature, data are said to be reliable if they are consistent, accurate and precise. To insure reliability in this study, South Eastern States were selected and sampled to test accuracy and consistency the

research instrument with which data was collected. A pre-test was first draft of the questionnaire was administered on selected bakeries in these states,

This measure was designed to ensure those possible error/omission were conclusively addressed before the final draft is administered. The key tests are;

**1) Privacy Test:-** It sought to investigate how probing the questions will be into the privacy of the respondents.

**2) Ambiguity Test:-** It investigates the extent to which questions could have more than one interpretation.

### **3.7 LIMITATION OF THE STUDY**

The researcher experienced some difficulties in the course of carrying out the research, such as:

**Time:-** Time was not sufficient for the researcher as the researcher was faced with little time and other incidental schedules competing with the limited time for the study. The researcher was also combining the research work with other academic work like assignment. Lectures and other academic activities.

**Limited Materials:-** The researcher experienced much difficulty as the availability more relevant text books, journals, research reports and other relevant materials for the research was difficult.

**Fund:-** This research was also constrained by the cost of getting materials for the project as a result of insufficient funds. The researcher had limited fund to take appropriate care of other academic works and the research work.

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## **CHAPTER FOUR**

### **DATA PRESENTATION AND ANALYSIS**

#### **INTRODUCTION**

This chapter deals with the presentation and analysis of data collected. The research questions are to be analyzed using percentage. Two hypotheses stated in chapter one are to be tested using Chi-square statistical tool. In this study, a total of 204 questionnaires were distributed. Out of these, 192 were duly completed and returned.

**TABLE 4.1 RESPONSE RATE TABLE**

<b>PARTICULAR</b>	<b>NO OF RESPONSES</b>	<b>C/O</b>
Questionnaires distributed	204	100
Un-returned questionnaires	12	6
Returned questionnaire	192	94
Rate	192	94

**Source: Field Survey**

#### **4.1 ANALYSIS OF QUESTIONNAIRES**

The first question sought to find out the variety of products available in the bakery industry in the South-Eastern States

**TABLES 4.2: PRODUCT TYPES IN THE BAKERY INDUSTRY**

Product	Very important		Important		Most important		No important	
	No	c/o	No	c/o	No	c/o	No	c/o
Bread	162	84.4	18	9.4	0	0	12	6.3
Biscuit	0	0	0	0	0	0	0	0
Cake	21	11.4	18	9.4	139	60.3	14	7.3
Meat pie	21	11.4	10	5.3	7	3.1	154	80.2
Burgers	21	11.4	10	5.3	0	0	160	88.2
Crackers	0	0	0	0	0	0	0	0
Fish roll	21	11.4	0	0	0	0	170	88.5
Meat roll	21	11.4	0	0	0	0	170	88.5

**Sources: Field Survey**

Of the eight bakery product enumerated, bread was found to be the most important since 93.7% of the respondents find it of some importance to their business success. Of these, 84.4 respondents said it is important. Cake is the next most important because 92.7% of the respondents acknowledged its importance to the business success. 11.4% indicated it is very important, 9.4% said important while 60.3 admitted it is moderately important.

Following are meat pie, burgers, fish roll and meat roll. Biscuits and Crackers have no relevance as none of the respondents acknowledged its importance.

Questions 2 was asked to determine the product sizes while question 3 sought to determine the prices of individual sizes. The table below gives a summary of the two questions.

**TABLE 4.3**  
**PRODUCT SIZE AND PRICES**

	<b>Size</b>	<b>Pric</b> <b>e</b>	<b>Very</b> <b>importan</b> <b>t</b>		<b>Importan</b> <b>t</b>		<b>Most</b> <b>importan</b> <b>t</b>		<b>No</b> <b>importan</b> <b>t</b>	
	<b>Inche</b> <b>s</b>	<b>No</b>	<b>No</b>	<b>c/o</b>	<b>No</b>	<b>c/o</b>	<b>No</b>	<b>c/o</b>	<b>No</b>	<b>c/o</b>
1	3	10	0	0	10	5.2	48	25	134	69.8
2	5	20	10	5.2	26	13.5	44	22.9	112	58.3
3	8	40	44	22.9	38	19.8	26	13.5	84	43.8
4	10	50	90	46.9	42	21.9	44	22.9	16	8.3
5	12	80	134	69.8	30	15.6	18	9.4	10	5.3
6	15	100	140	72.9	32	16.7	18	9.4	1	1.0
7	20	150	140	51	56	29.2	22	115	14	12.5

**Sources: Field Survey**

From the analysis of the questions, it is obvious that the more important sizes are 10 inches priced N50.12 inches priced N80.15 inches is priced N100, and 20 inches priced N150 49.9% of the respondents said 10 inches is very important to sales while only 8.3% agreed it is not important to sales; 69.8% acknowledged that 12 inches its very importance to sales as against 5.3% that said it is not important at all. For 15 inches,



72.9% agreed it is very important while only 1% said it is not important for 20 inches has 56% accepting that it is very important to sales. 3 inches and 5 inches are the least important to sales because a whopping 68.9% agreed that 3 inches is not important to sales while 58.9% respondents said 5 inches is not important to sales 8 inches has moderate importance to sales because 22.9% respondents agreed it is very important to sales

Question 4 sought to find out find different product.

**TABLE 4.4**

**PRODUCT SHAPES**

	Product	Very important		Important		Most important		No important	
		No	c/o	No	c/o	No	c/o	No	c/o
1.	Long rectangular	179	93.8%	0	0	0	0	13	6.2
2	Short rectangular	179	93.8	0	0	0	0	13	6.2
3	Round	50	26	58	30.2	64	33.3	20	10.4
4	Long sliced	90	46	48	25	30	15.6	20	10.4
5	Short sliced	90	46.9	52	27.1	30	15.6	20	10.4
6	Heart shaped	20	14.6	6	6.3	22	11.5	130	67.7

**Source: Field Survey**

Long and short rectangular are obviously the most important product shapes in the southeast. 93.3% of the respondents accepted that these are very important to their sales while only 6.2% said that they are not important. The next popular shapes are the long and sort sliced products. For

long sliced, 46.9% respondent said it is very important to sales 46.5% also agreed that short sliced is very important to sales while only 10.4% said it is not important at all. Round shapes are next popularity since 26% of the respondents accepted that it is very important is the heart shaped products. A total of 67.7 indicated that it is not important to sales. Table 4.5 below presents a summary of the pricing methods in the bakery industry.

**TABLE 4.5**

**PRICING STRATEGIES IN THE BAKERY INDUSTRY**

	Pricing strategies	Very important		Often		No important	
		No	c/o	No	c/o	No	c/o
1	Unit cost + Markup	192	100	0	0	0	0
2	Union agreed prices	0	0	0	0	162	84.4
3	Competitive price	0	0	94	51	94	49

**Source: Field Survey**

100% of the respondents agreed that they employ unit cost + markup very often while 84.4% do not employ union agreed prices often. A total of 51% use competitive prices often while do not employ this strategy always. No respondents indicated another strategy employed.

Table 4.6 present a summary of the distribution modes in use in bakery industry in southeastern states.

**TABLES 4.6**

**Distribution modes in bakery industry**

	<b>Product</b>	<b>Very important</b>		<b>Important</b>		<b>Most important</b>		<b>No important</b>	
		<b>No</b>	<b>%</b>	<b>N</b>	<b>%</b>	<b>No</b>	<b>%</b>	<b>No</b>	<b>%</b>
1	My own retail out let	15	16.6	14	7.3	20	10.1	126	65.6
2	Major distributor	4.2	21.9	29	14.5	16	8.3	109	55.6
3	Mobile distributor	52	27.1	38	19.8	12	6.3	90	46.9
4	Pickup vendors	160	83.3	8	4.2	10	5.2	14	7.3
5	Supermarkets	158	81.3	10	5.2	12	6.3	14	7.3
	Supermarkets	0	0	26	13.5	12	6.3	154	80.2

**Source: Field Survey**

The more popular distribution modes from analysis are pickup delivery vans and street vendors. Both have 83.3 and 81.3% respondents respectively admitting that they are very important distribution modes. It is only 7.3% respondents that said that neither of these is important to their sales. Majors and mobile distribution are also popular modes of distribution: while 21.9% agreed that major distribution are very important to their sales, 27.1% respondents accepted that mobile distribution are very important to their sales. The least popular are private retail outlet and supermarkets that have 65.6% and 80.2% respondents respectively acknowledging their unimportance to sales.

**TABLE 4.7**  
**PERCENTAGE OF BAKER PRODUCTS THAT MOVE**  
**VARIOUS DISTRIBUTION MODES**

<b>Modes</b>	<b>No</b>	<b>%</b>
My own retail outlet	16	8.3
Major bread distributor	24	12.5
Mobile bread distributor	30	15.6
Pickup vans	54	28.5
Street vendor	58	30.2
Supermarkets	10	5.2

**Source: Field Survey**

Question 9 sought to find out the major distribution centers of the bakers. Below is a summary.

**TABLE 4.8****DISTRIBUTION CENTERS FOR BAKERY PRODUCTS**

	<b>Product</b>	<b>Very important</b>		<b>Important</b>		<b>Most important</b>		<b>No important</b>	
		<b>No</b>	<b>%</b>	<b>N</b>	<b>%</b>	<b>No</b>	<b>%</b>	<b>No</b>	<b>%</b>
1	Bread Markets	154	80	26	13.6	0	0	12	6.3
2	L.G.A Head quarters	58	30.2	26	14.5	16	8.3	90	47
3	Major road junctions	48	2.5	38	19.8	25	25	58	30.2
4	Majors markets	88	45.8	38	20	23.9	23.9	20	10.4
5	Village markets	40	20.8	53	27.1	28.1	28.1	46	23.9

**Source: Field Survey**

From the above table, 8% respondents admitted that bread market are very important centers for the distribution of their products. This is against the 6.3% that said it is not important. Major markets as also popular distribution centers as 45.8% agreed that they are very important compared to the 10.4% that said they are not important. L.G.A. headquarters and major road junctions are of moderate importance as 29% and 24% respondents respectively said they are very important distribution centers. 47% said L.G.A. headquarter are not important while 30% agreed that major road junction are not important.

Village market square is the least in importance. 20.8% see them as being very important distribution centers fro their products.

Table 4.9 gives a summary of responses to question that dealt on distribution cost.

**TABLE 4.9**

**DISTRIBUTION COST**

<b>Percentage of Total cost</b>	<b>No of Respondents</b>	<b>%</b>
10-20	192	100
20-30	-	-
Above 30	-	-

**Source: Field Survey**

Distribution cost component of the cost of production falls within the range 10-20% of the production cost. All the 96 respondents agreed to this. Question 11 was asked to determine the number of dealer employed by bakers. A summary is given in the table below.

**TABLE 4.10**

**NUMBER OF DEALERS IN THE BAKERY FIRMS NO OF DEALERS NO OF RESPONSE**

**NO OF DEALERS**

**NO OF RESPONSE**

		<b>No</b>	<b>%</b>
1	1.5	-	-
2	6-10	28	14.5
3	11-15	100	52
4	15-20	46	24
5	Above 20	18	9.5

**Source: Field Survey**

The dealer in the industry range from 6 to above 20 14.5% of the respondents employ the services of 6-10 dealer 52% of the respondents employ 11-5 dealer and while 23% make use of 16-20 dealer, 9% of the respondents employ more than 20 dealers. The next is a question dwell on the sales policy of the bakery firms. Below is a table summarizing the responses? Below is a summary.

**TABLE 4.11**  
**SALES POLICY OF BAKERY FIRMS**

Policy	My own retail office		Major distributor		Mobile distributor		Pickup van		Street vendor		Supermarket	
	No	%	No	%	No	%	No	%	No	%	No	%
Cash	192	100	192	100	192	100	192	100	192	100	192	100
Credit	4	2.1	20	10.4	20	10.4	-	-	-	-	14	7.3

**Source: Field Survey**

The sales policy of the firms is mostly cash based. All the respondents accepted that they have cash sales policy relationship with all their intermediaries. However some firms adopt credit sales policy at times. In their retail office, 2.1% of respondents undertake credit sales. With major distribution, 10.4% of respondents adopt credit sales policy. The same percentage has similar relationship with mobile distributors. With supermarkets, 7.3% respondents do credit sales.

**TABLE 4.12****PROMOTIONAL MEDIUM USED BY HE FIRMS**

	<b>MEDIUM</b>	<b>V.OFTEN</b>		<b>OFTEN</b>		<b>NOT AT ALL</b>	
<b>S/N</b>		<b>No</b>	<b>%</b>	<b>No</b>	<b>%</b>	<b>No</b>	<b>%</b>
1	Newspaper	-	-	-	-	-	-
2	Local newspaper	-	-	-	-	-	-
3	Posters	-	-	2-	10.4	-	-
4	T.V	-	-	-	-	-	-

**Sources: Field Survey**

From the table, it is only 10.4% of the responder posters only as a medium of promotion. With respect promotional techniques used in the industry, question 1 it. A summary table is given below.

**TABLE 4.13****SALES PROMOTIONAL TECHNIQUES IN BAKERY FIRMS**

	<b>Sales promotional technique</b>	<b>V.Often</b>		<b>Often</b>		<b>Not at all</b>	
		No	%	No	%	No	%
1	Price discounts	34	17.7	160	83.3	0	0
2	Quantity discounts	20	10.4	82	42.7	90	46.9
3	Clearance sales	0	0	22	11.5	70	88.5

**Source: field survey**

17.7% respondents used price discounts very often. 82.3% use price discounts often. While 10.% use quantity discounts very,often,46.9% do not use quantity discounts 11.5% the respondents do clearance sales at all.



## 4.2 DATA ANALYSIS

### HYPOHESES 1

Ho: There is no relationship between products and business success.

Hi: There is a relationship between product shapes and success.

### CHI- SQUARE FORMULA

$$\frac{(O_i - E_i)^2}{E_i}$$

$E_i$

Where  $X^2$  = Chi- square co-efficient

$O_i$  = Observed frequency

$E_i$  = Expected frequency

$N$  = Number of observation

$E$  = Summation

### OPERATIVE ASSUMPTIONS

Level of significant = 5% (Assumed)

Degree of freedom = (df) = (k-i)

(6-1) (4-1) = 24. 996

### DECISION RULE

Reject the Ho (null hypothesis) if the calculated  $X^2$  (Chi-square' values is greater than the critical value 24.996, otherwise accept.

### Using table 4.14 shapes of Bakery Products Shapes

Shapes	Observed	Expected	(O <sub>i</sub> -E <sub>i</sub> )	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup>	<u>(O<sub>i</sub>-E<sub>i</sub>)<sup>2</sup></u>
Long rectangle	179	101.7	77.3	5975.29	58.75
Short-rectangle	179	101.7	77.3	5975.29	58.75
Round	50	101.7	-51.7	2672.89	26.28
Long sliced	92	101.7	-9.7	94.09	0.93
Short sliced	90	101.7	-11.7	136.89	-1.35
Heart shaped	20	101.7	-81.7	6674.89	-65.63
<b>Total</b>	<b>610</b>	<b>101.7</b>			<b>211.63</b>

$$(179-101.7)^2 + (179-101.7)^2 + (50-101.7)^2 + (92-101.7)^2 + (90-101.7)^2 + (20-101.7)^2$$

$$\frac{5975.29}{101.7} + \frac{5975.29}{101.7} + \frac{2672.89}{101.7} + \frac{94.09}{101.7} + \frac{136.89}{101.7} + \frac{6674.89}{101.7}$$

$$= 58.75 + 58.75 + 26.28 + 0.93 + 1.35 + 65.63$$

$$= 211.69$$

$$\text{FREQUENCIES} = \frac{610}{6} = 101.67$$

### DEGREE OF FREEDOM

$$DF = (R-1) (C-1)$$

$$4-1) (6-1) 3 \times 5 = 15$$

The degree of freedom of 15 under 5% level of significance from the table is  $X^2 = 24.996$  and the result from table where  $X^2 = 211.69$ . Here 24.996 is less than 211.69, therefore reject the null hypothesis and accept the alternative hypotheses which

states; “ There is a relationship between product shapes a: nature and business success”.

## **HYPOTHESIS II**

HO: There is no relationship between modes of distribution and level of sales.

Hi: There is a relationship between modes of distribution and level of sales.

### **4.15 DISTRIBUTION MODES IN BAKERY INDUSTRY**

Shapes	Observed	Expected	(O <sub>i</sub> -E <sub>i</sub> )	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup>	$\frac{(O_i-E_i)^2}{E}$
My own retail outlet	32	78	-46	2116	27.128
Major Distribution	42	78	-36	1296	16.615
Pickup Delivery Van	160	78	82	6724	86.205
Street Vendors	156	78	78	6084	78.00
Supermarket	0	78	78	6084	78.00
	<b>390</b>			<b>22304</b>	<b>285.95</b>

$$\text{Expected Frequencies } \frac{390}{5} = 78$$

$$= \frac{2116}{78} + \frac{1296}{78} + \frac{6724}{78} + \frac{6084}{78} + \frac{6084}{78}$$

$$= 27.128 + 16.615 + 86.205 + 78.00 + 78.00 = 285.95$$

## **DEGRRE OF FREEDOM**

$$DF=(R-1) (C-i) (5-1) (4-1)$$

$$4 \times 3 = 12$$

From the table 12 under 5% = 21.026. The degree of freedom of 12 under 5% level of significance from the table is  $\chi^2 = 21.026$  and the calculated is Therefore 21.026 is less than 285.95 ,we reject the null hypothesis and accept the alternative hypothesis which states that “There is a relationship between modes of distribution and level of sales”.

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## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION**

#### **5.1 SUMMARY**

This study was undertaken for the purpose of studying the marketing strategies of bakery firms in the South-Eastern States. Based on the analyzed data, the findings of the study are summarized below

1. That the use of street vendors and pick up delivery vans contributes immensely to the success of their business which in turn affects the overall sales volume of the firms
2. That the production of different sizes and shapes of the bakery products enables the firms to satisfy different market segments, targets and increased market coverage.
3. That the production of other bakery products like biscuits and crackers were not given much attention which, invariably would have contributed to their increased sales volume, performance and profit.
4. Based on the analyzed data, it was observed that the use of media houses in promoting and advertising the bakery products are not fully, exploited at all. There is no firm or bakery industry in the South-Eastern State that advertises their product in Newspaper, Radio or television.

5. Some other promotional techniques or sales strategies were found common among the firms such as:- price discount, quantity discounts and clearance sales but among this, price discount is the most popular.
6. That marketing strategy blended with other promotional tools will makes the delivery service of the bakery firms more successful.
7. The analysis of the data obtained from both the questionnaires sampled and hypothesis tested show that there is a relationship between products shapes and business success and there is a relationship between mode of distribution and levels of sales or sales performance in the industry.
8. That most of the biscuits and related confectionery industries are located mostly in the western part of the country, mostly Lagos and Ibadan. This in turn has almost resulted in high prices as a result of the distance involved in the transportation to the eastern part of the country
9. There is also the need for the production of different sizes of bread so as to cover different market target and satisfy different classes of consumer.
10. Different incentive measures should be put in place so as to encourage the distributors who might want to assist in the procurement of this product without

waiting for the services of the delivery trucks or pickup van.

11. The increased use of various advertisement media to promote their product should be emphasized so as to increase their fair share of the market target.

## **5.2 CONCLUSION**

This research work has systematically x-rayed the marketing strategies adopted by the bakery firms in the South-eastern States.

The research has tried to itemize and explained the various distribution strategies open for these firms and those that were adopted towards ensuring that their services are efficiently and effectively delivered. Finally it was observed that the following exists.

1. That there was no use of external and independent media in the promotion of their products.
2. That their sales policies are predominantly on cash basis to their distributors or dealers.
3. That there is a narrow dealership range in the industry
4. The inability of the few located bakery industry in the south eastern states to effectively use the media houses in advertising their product has always resulted in little patronage from their would be potential customers.
5. Non diversification of product offerings by the few bakery firms in the south eastern states has always reduced their revenue earning capacity and profit levels. This is as a



result of its effect in the sales volume which often is the major determinant of the profit levels or margin.

6. Based on the findings from some bakery firms delivery bus or truck drivers it was observed some of them are ignorant of some useful marketing techniques which would have been an added advantage in the distribution of the product and ensuring equitable distribution of the product within their targeted market segment and region.

### **5.3 RECOMMENDATION**

After going through the findings of the study and the conclusion made, the following recommendation were made.

1. Bakery firms in the South-Eastern States should engage the external and independent media to promote their products
2. Bakery firms in the Eastern- States should increase their dealership range for sale, increase and expand their distribution mode.
3. More flexibility in pricing strategy by exploiting the potentials in union agreed prices, competitive prices and other pricing strategy.
4. The bakery firms should consider how to apply more of credit sales policy to have an optimal sales policy mix.
5. The use of various advertisement modes should be made a top priority as this determines the extent of consumer's awareness of the existence of such product.

6. Effective combination of the seven PS of marketing should be emphasized so as to make a positive impact in the market delivery of their products.
7. Use of incentive to encourage customer's patronage and dealer's patronage should also be introduced.
8. There should always be a workshop to educate some of the owners of some bakery firms on how to train and organize their workers towards an affective service delivery and strategies to capture greater share of the market target.
9. The services of the research consultant should always be use to seek various ways of developing their products to meet the challenges of the millennium demands in the service industry.

Further recommendation were made for further study which includes

1. The dominance of bread over the production of other bakery product in the South-East.
2. The apathy of the industry is use external and independent media
3. The predominance of cash sales policy over credit sales
4. A thorough research should be conducted on the effect of substitute products to their product offering.
5. Based on the above mentioned point, I still look at the area of the effect of, for instance indomine, as substitutes to bread to little children as against their normal tea with bread in their lunch bags.

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## **APPENDIX A**

Department of Marketing,  
Faculty of Business Administration,  
University of Nigeria,  
Enugu Campus,  
Enugu.

Sir, I am a postgraduate student of the department of marketing, in the University of Nigeria Enugu Campus, in partial fulfillment for the requirement for the award of MBA Degree in Marketing, I am carrying out a research study on Marketing Strategies of Bakery Firms in South-Eastern States”.

You are requested to complete this questionnaire with appropriate answers to enable me complete the study successfully.

Any information given would be treated confidentially and purely for academic purpose.

Thanks for the co-operation.

Yours faithfully,

**Ogbenna Lewis**

## QUESTIONNAIRE

1. How important are these products to the success of you bakery business? Tick ( ) as appropriate.

	<b>Products</b>	<b>Very important</b>	<b>Important</b>	<b>Moderate</b>	<b>Not important</b>
1	Bread				
2	Biscuits				
3	Cakes				
4	Meat				
5	Burgers				
6	Doughnuts				
7	Crackers				
8	Fish rolls				
9	Meat rolls				

2. How important are the sizes of bread to the success of your bakery business? Tick ( ) as appropriate

	<b>Sizes (inches)</b>	<b>Very important</b>	<b>Important</b>	<b>Moderate</b>	<b>Not important</b>
1	3				
2	5				
3	8				
4	10				
5	12				
6	15				
7	20				

3. How important are these shapes of bread to the success of your bakery business profit? Tick ( ) as appropriate.

	<b>Shapes</b>	<b>Very important</b>	<b>Important</b>	<b>Moderate</b>	<b>Not important</b>
1	Long rectangle				
2	Short rectangle				
3	Round				
4	Long sliced				
5	Short sliced				
6	Heart shapes				

4. How do you price your bakery products g generally? Tick ( ) as appropriate.

	<b>Shapes</b>	<b>Very important</b>	<b>Important</b>	<b>Moderate</b>	<b>Not important</b>
1	Unit cost - Markup				
2	Union agreed price				
3	Competitive price				
4	Others specify				
5	1				
6	1				
7	3				



5. How important are these distribution modes to the attainment of your sales objective? Tick ( ) as appropriate.

	<b>Distribution Modes</b>	<b>Very important</b>	<b>Important</b>	<b>Moderate</b>	<b>Not important</b>
1	My own retail office				
2	Major distributor				
3	Mobile distributor				
4	Pickup delivery van				
5	Street vendors				
6	Others, specify				
7	1				
8	2				
9	3				

6. What percentage of your bakery products is moved?

	<b>Distribution Modes</b>	<b>Percentage</b>
1	My own office	
2	Major distributor	
3	Mobile distributor	
4	Pickup van	
5	Street vendors	
6	Others, specify	

7. How important are the distribution centres to your business success?

	<b>Product</b>	<b>Very important</b>	<b>Important</b>	<b>Moderate</b>	<b>Not important</b>
1	Bread Markets				
2	L.G.A Head quarters				
3	Major road junctions				
4	Majors markets				
5	Village markets				

8. What percentage of the cost of promotion do you attribute to distribution?

	<b>Sizes (inches)</b>	<b>10-20%</b>	<b>20-30%</b>	<b>&gt;30%</b>
1	3			
2	5			
3	8			
4	10			
5	12			
6	15			
7	20			

9. How many dealers do you use to your market?

	<b>Distribution Modes</b>	<b>Percentage</b>
1	1-5	
2	6-10	
3	11-15	
4	15-20	
5	Above	

10. Which is the nature of sales policy?

<b>Policy</b>	<b>Retail</b>	<b>Major Distributor</b>	<b>Mobile Distributor</b>	<b>Pickup</b>	<b>Street vendor</b>	<b>Super- market</b>
	No					
Cash	192					
Credit	4					

11. Which medium do you use to promote your products?

<b>No</b>	<b>NEWSPAPER</b>	<b>V.OFTEN</b>	<b>OFTEN</b>	<b>NOT AT ALL</b>
1	Bread Markets			
2	Local paper			
3	Posters			
4	Radio			
5	TV			
6	Village market square			

12. How often do you engage sales promotion activities?

<b>NO</b>	<b>MEDIUM</b>	<b>V.OFTEN</b>	<b>OFTEN</b>	<b>NOT ALL</b>
1	Price discounts			
2	Quantity discounts			
3	Clearance sales			