

# PROFIT ENHANCEMENT OF MEAT PRODUCTS MARKETING : THE CASE OF FAST FOOD AGRIBUSINESS IN NIGERIA

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## Abstract

Meat products marketing agribusiness is a feature of developed economies that has undergone improvement and extended to developing nations such as Nigeria. It is still evolving all over the world. The meat products in fast food marketing agribusiness is gaining a lot of attention in business and economy debates in recent times. Most of the debates were anchored on the profitability. The performance and growth of fast food marketing firm is highly depended on the profitability. The growth of the fast food marketing firm in a competitive business environment will depend on the application of profit enhancement strategies. This subject matter is sensitive enough to warrant an investigation. The study analysed profit enhancement strategies of meat product marketing agribusiness in Nigeria. All the registered meat product marketing agribusinesses equalling 100 in Delta state, Nigeria, were used for the study. Collected data with questionnaire were analysed using a combination of descriptive statistics and inferential statistics, awareness index and strategy utilization index. Managers are 60% aware of profit enhancement status. Profit enhancement utilization index of 42% was observed. Regression analysis shows that marketing communication, feedback and communication cost-based pricing and internal auditing are the major profit enhancement strategies adopted by the managers of fast food marketing agribusiness in the study area. The result of the study shows that external factors (0.494); social factors (0.478) and consumers demand (0.310) have a positive and significant relationship with the utilization of profit enhancement strategies among fast food marketing agribusiness. Based on findings, It is important for the managers of meat product marketing firm in the industry to scale up their utilization of profit enhancement strategies.

**Keywords:** Profit enhancement, Strategies, Meat products, Marketing Agribusiness.

## 1. Introduction

Meat products marketing agribusiness is a feature of developed economies that has undergone improvement and extended to developing nations such as Nigeria. It is still evolving with big names in the fast food chains such as Taco Bells, Mr Bigg's, Burger King, Wendy's Jack in the box, Kentucky Fried Chicken (KFC) and McDonald's (Wilson, 2016) all over the world.

The origin of fast food marketing agribusiness in Nigeria is traceable to the early 1970s with Mr Bigg's being Nigeria's first chain of fast food restaurants. It is owned by the conglomerate of United African Company (UAC) Nigeria PLC, under the multinational corporation and has over 170 locations in Nigeria, Asaba inclusive.

Fast food marketing agribusiness emerged in Asaba metropolis with few restaurant business operators with the zeal to provide the kind of meals people desired to consume outside their homes. Agribusiness is the part of economy devoted to the production, processing and distribution of food, including the financial institutions that fund these activities (American Heritage Dictionary), increased more in trend and standardized due to increase in disposable income and this led to the metamorphosis of the concept of restaurant to fast food outlets that offers confectionaries and continental dishes. Fast food marketing agribusiness focuses on high quality service, affordable cost and customer friendly services. Much of its growth is due to the fact that eateries are preferred to local restaurants.

Fast food marketing agribusinesses strives to increase profitability, performance and satisfy customers by creating an enabled environment and encouraging customers to participate in consuming their products. Where utility is maximized by customers, and profit is elevated and maximized by firms Mankiw, (2014) Profit is the reward for entrepreneurs for taking business risk, it could also be the money made in business after paying the costs involved. A higher profit enhances the growth level of small meat marketing agribusiness (Arun & Amirkhalkahli, 2010). As a result; the desire to make profit necessitated the practice of various profit

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enhancement strategies. Therefore, Profit enhancement may be known as an increase in profit through cost minimization and revenue maximization.

The meat products in fast food marketing agribusiness is gaining a lot of attention in business and economy debates in recent times. Most of the debates were anchored on the profitability. The performance and growth of fast food marketing firm is highly depended on the profitability. The growth of the fast food marketing firm in a competitive business environment will depend on the application of profit enhancement strategies. Fast food marketing agribusiness is still in its development stage. As a result, it is fraught with some growth challenges such as the awareness of profit enhancement strategies and how well these strategies were applied by fast food marketing agribusiness managers. Profit enhancement therefore, has occupied the central position of managerial debates but not related to fast food marketing agribusiness. Most agribusiness entrepreneurs discover market gaps and apply innovative strategies for development of the business in order to earn maximum profit as a reward (Nabila & Nadeem, 2015). The fast food marketing agribusiness firm can perform its economic and social responsibility of sustainable employment.

This study attempted to find out the level of awareness and application of profit enhancement strategies among fast food marketing agribusiness firms in the study area. Lastly, it examines the factors underpinning the utilization of these profit enhancement strategies among fast food marketing agribusiness in Asaba, Nigeria.

The seemingly poor performance and unsteady profit profile of fast food marketing outlet in Asaba may be traced to the manager's inadequate and unprofessional utilization of profit enhancement strategies.

The study will enable the fast food marketing agribusiness Managers became more profit conscious and improve on revenue growth, performance and overall firm efficiency. The findings of this study will strengthen the use of the relevant profit enhancement strategies such as marketing strategies, employee empowerment strategies, pricing strategies, customer retention strategies and sales practices. The study provided answers to the following research questions: Are the fast foods marketing agribusiness aware of profit enhancement strategies? What is the level of utilization of profit enhancement strategies by fast food marketing agribusiness? What are the specific profit enhancement strategies utilized? What are the factors underpinning the utilization of profit enhancement strategies by the fast food marketing agribusiness?

The broad objective of this study was to analyse profit enhancement strategies among fast food marketing agribusiness in Asaba metropolis.

The specific objectives of the study were to:

- (i) ascertain the level of awareness of profit enhancement strategies by fast food marketing agribusiness;
- (ii) evaluate the level of utilization of profit enhancement strategies by fast food marketing agribusiness;
- (iii) identify the specific profit enhancement strategies utilized; and
- (iv) examine the factors underpinning utilization of profit enhancement strategies by the fast food marketing agribusiness.

The following null hypothesis was tested.

H<sub>0</sub>: The selected factors do not have significant effect on the utilization of profit enhancement strategies in the fast food marketing agribusiness.

## 2.0 Materials and Methods

### 2.1 Study Area, Sample procedure and Data Collection Techniques

Asaba metropolis is the study area. The location was chosen for the study due to the presence of many fast food marketing agribusinesses and their implications on urban development. Asaba, a great historic town, is strategically located on a hill at the western edge of the majestic River Niger overlooking Onitsha where the river floods its bank and deposits both silt and sharp sand, it is about 100 miles North where it flows in the Atlantic ocean (Azinge, 2002). The city of Asaba became the headquarters of the royal Niger Company in the 19<sup>th</sup> century and later the capital of the oil richproducing, Delta State of Nigeria. Asaba is often referred to as the major gateway to the eastern part of Nigeria. Asaba occupies approximately 60<sup>0</sup>N of the equator and about the same distance of the prime meridian, with an estimated area of 300 square kilometres. Asaba has grown in population to over half a million (500,000) and now maintains a cosmopolitan population of predominantly non indigenous people. It maintains an average tropical temperature of 32<sup>0</sup>C during the dry season and an average

fertile rainfall of 7 inches during the rainy seasons with co-ordinates of 6.12<sup>0</sup>N and 6.38<sup>0</sup>E. Curled from oral history, the “Ikeliike” people were the first settlers on the land now known as Asaba, the people of “Ugboma” and “Ezeanyanwu” as the second and third settlers and lastly, “Nnebisi”, the father of Asaba and founder of the villages present today. Asaba town consists of 5(five) adjoining villages or quarters called Ogbes and these are; Umuezei, Umuonaje, Ogbomanta, Umuaji and Umuagu quarters. They are to be found in all professions and hold various positions in government consequently, patronizing the fast food marketing agribusiness.

Purposive sampling technique was adopted to obtain a sample size (i.e. 100 fast food firms) used for this study. The firms were all the registered fast food marketing agribusiness firms in Delta state, Nigeria (Ministry of Commerce and Industry, 2016).

The data for this study were obtained from Primary data i.e. the fast food marketing agribusiness firms in the study area (Hot bite, Sizzlers, Mac Dons, Flames, Ultimate taste, Otres, Hubs and Grill, Juwis and Tetrizzini). Primary data were collected by making use of structured questionnaire. The questionnaire was structured according to the specific objective of the study and will be administered to the respondents to express their views, opinions and objectives. The Structured questionnaire comprised of 4 sections.

Section A contains information on socio-economic characteristics of the fast food marketing agribusiness operators.

Section B contains information on awareness level of the fast food marketing agribusiness.

Section C contains information on strategy utilization level of fast food marketing agribusiness to profit enhancement strategies.

Section D contains information on possible factors underpinning utilization to profit enhancement strategies.

## 2.2. Data Analysis Techniques

The data collected for this study were analysed through the use of descriptive and inferential statistical tools. Descriptive statistics such as mean, percentages, and frequencies were used to analyse the data to achieve specific objectives. On the other hand, the inferential statistical tools utilized in this study include the regression. The awareness index as stated in objective (I), was used to ascertain the level of awareness of profit enhancement strategies by fast food marketing agribusiness.

Strategy utilization index as stated in objective (II), was used to evaluate the level of utilization of profit enhancement strategies by fast food marketing agribusiness.

The regression model, was used to evaluate the factors underpinning the use of profit enhancement strategies by fast food marketing firms.

## 2.3. Model specification

The Awareness Index formula which was used to ascertain objective I is given as;

$$\text{Awareness Index} = \frac{\text{No of awarded profit enhancement strategies used}}{\text{Total number of profit enhancement strategies identified}} \times 100\%$$

The Strategy Use Index formula which was used to evaluate objective II is given as;

$$\text{Strategies Utilization Index} = \frac{\text{No of strategies used}}{\text{Total number of recommended strategies}} \times 100\%$$

The regression model, which was employed to realise objective IV, is stated in the implicit form of econometric model as:

$$Y = F(x_1 + x_2 + x_3 + x_4 + x_5)$$

The explicit form of the model is stated as:

$$\text{SUI} = \beta_0 + \beta_1 \text{Ms} + \beta_2 \text{Ees} + \beta_3 \text{Ps} + \beta_4 \text{Crs} + \beta_5 \text{Ss} + U_1$$

Where: SUI = level of strategies utilization index

$\beta_0$  = Intercept term

$\beta_1 - \beta_5$  = Co-efficient of parameter estimates

- Ef = External factors
- Sf = Social factors
- Scf = Socio- cultural factors
- Mef =Micro- environmental factors
- Cd = Consumers demand
- U<sub>1</sub> = Stochastic disturbance term.

**3.0 Results and Discussion**

**3.1. Strategies Awareness Index of Managers of Fast Food Marketing Outlets**

Table 1 shows the distribution of strategies awareness level of managers

**Table 1: Distribution of Profit Enhancement Strategies Awareness Index of Managers Fast Food Marketing Outlets**

Fast food marketing outlets	Identified strategies	Strategies aware of	Profit enhancement awareness index(%)
Macdons	6	3	50%
Flames	6	1	17%
Juwis	6	5	83%
Crunches	6	6	100%
Ultimate Taste	6	6	100%
Hubs &Grills	6	2	33%
Tetrazzini	6	4	67%
Sizzlers	6	2	33%
Others	6	4	67%
Hot bites	6	3	50%

(Source: 2016 field data)

Table 1 shows the result of the study which reveals that majority of the fast food marketing outlets such as crunches and ultimate taste are fully aware of the identified strategies. Crunches constitutes of 100% and ultimate taste with 100%. Macdons has a 50% profit enhancement awareness index, Juwis has 83%, Tetrazzini has 67% index, Otres has 67% awareness index, and Hot bite has a 50% profit enhancement awareness index. Some fast food outlet however do not fully aware of their profit enhancement awareness index with Flames, Hubs & Grills, Sizzlers constituting 17%, 33%, and 33% respectively.

**3.2. Profit Enhancement Strategies Utilization Index for Meat Product Marketing**

Table 2 shows the distribution of strategies utilization index of Meat product Marketers.

**Table 2: Distribution of Strategies Utilization Index of Managers of Fast Food Marketing Outlets.**

Fast food marketing outlets	Identified strategies	Strategies utilized	Profit enhancement utilization index (%)
Macdons	6	3	50%
Flames	6	1	17%
Juwis	6	3	50%
Crunches	6	6	100%
Ultimate Taste	6	1	17%
Hubs &Grills	6	1	17%
Tetrazzini	6	3	50%
Sizzlers	6	1	17%
Others	6	3	50%
Hot bites	6	3	50%

(Source:2016 field data)

The Table 2 that majority of the fast food outlets such as crunches is fully utilizing the identified strategies crunches constitutes of 100%. Macdons is utilizing 50% of its identified strategies, Juwis is utilizing 50% of its strategies, Tetrazzini is utilizing 50%, Otres and Hot bite are also utilizing 50% of their identified strategies.

However, some fast food managers are not properly utilizing their identified strategies with Flames, Ultimate Taste, Hubs % Grills and Sizzlers constituting 17%, 17%, 17%, and 17% respectively.

**Table 3:Descriptive Statistics**

Variables	N	Minimum	Maximum	Mean index %	Std deviation
<b>Profit Enhancement Strategies Awareness Index</b>	10	17.00	100.00	60	28.54
<b>Profit Enhancement Strategies Utilization Index</b>	<b>10</b>	<b>17.00</b>	<b>100.00</b>	<b>41.80</b>	<b>26.21</b>

Valid N (list-wise)

(Source: 2015 field data)

Table 3 shows the mean scores and standard deviation of profit enhancement strategies awareness index and profit enhancement utilization strategies index. The result shows that the profit enhancement strategies awareness index 60% with standard deviation of 28.5 and profit enhancement strategies utilization index 41.80% with standard deviation of 26.2. Table 3 shows the results of the study which implies a relatively high awareness index but low utilization index for profit enhancement strategies among managers of fast food marketing outlets in the study area. These results could be attributed to the fact that awareness of profit enhancement strategies is easier to acquire through seminars and workshop. Furthermore, implementation of profit enhancement strategies has cost implications and the resource at the disposal of management may be an inhibiting factor to the low utilization index (42%)was observed in the study.

**3.3. Profit Enhancement Strategies in Meat Products Marketing**

Table 4 shows the strategies utilized for profit enhancement.

**Table 4:Profit Enhancement Strategies.**

Strategies utilized	Frequency/Percentage	Mean/Mode
Marketing Strategies		
Marketing programmes	1(10)	Marketing programmes
Marketing communication	5(50)	
Marketing place research	4(40)	
In store marketing	4(40)	
Local marketing	2(20)	
Employee Empowerment Strategies		
Team work	3(30)	Feedback and communication
Feedback and communication	7(70)	
Training and development	3(30)	
Recruitment processes	1(10)	
Motivation	3(30)	
Pricing Strategies		
Penetrating pricing	-	Cost-based Pricing
Competition pricing	3(30)	
Product line pricing	3(30)	
Cost based pricing	7(70)	
Bundle pricing	-	
Consumer Retention Strategies		
Entertainment	6(60)	Entertainment
Accessories and animated programmes for kids	3(30)	
Relationship	4(40)	
Complaints	5(50)	
Bonanza	2(20)	

Sales Strategies		
Promotion	3(30)	
Product placement	4(40)	Product Placement
Lower marketing cost	1(10)	
Convenience	1(10)	
Visual Stimulation	2(20)	
Cost Reduction Strategies		
Wastage management	5(50)	Internal Auditing
Market survey	5(50)	
Internal auditing	7(70)	
Management information	2(20)	
Productivity	3(30)	

(Source: 2016 field data)

Figures in parenthesis are the corresponding percentage values

The Table 4 the shows the utilization or adoption of profit enhancement strategies by fast food marketing outlets, amongst which were;

**Marketing strategies:** The result shows that amongst the listed marketing strategies, fast food marketing outlets utilized marketing communication up to 50%. It helps to develop brand awareness and cements relationships with customers and suppliers. It creates and sustains demand and preference for the product.

**Employee empowerment strategies:** The result shows that amongst the listed employee empowerment strategies, fast food marketing outlets practices feedback and communication (70%). Feedback lies at the heart of effective communication, it is the response of an audience to an activity. Effective communication between management and employee can benefit the company by reducing employee turnover and feedback gives employees specific goals to achieve.

**Pricing strategies:** The result shows that amongst the listed pricing strategies, fast food marketing outlets practices cost- based pricing (70%). Cost –based pricing is one of the methods of determining the selling price of a product that can maximize profit.

**Consumer retention strategies:** the result shows that amongst the listed consumer retention strategies, fast food marketing outlets practices a form of entertainment (60%) which holds the attention and interest of their consumers or gives delight and pleasure to them e.g. music and dance.

**Sales strategies:** The result shows that amongst the listed sales strategies, fast food marketing outlets practices product placement (40%) more. It is an advertising technique used by companies to promote their products. It is a way for fast food marketing outlets to reach their target audience in more subtle ways (Paul, 2016).

**Cost reduction strategies:** the result shows that amongst the listed cost reduction strategies, fast food marketing outlets practices internal auditing (70%). Internal auditing is used by fast food marketing outlets to provide independent assurance that the firms risks management, governance and internal control processes are operating effectively in order to accomplish their goals.

### 3.4. Factors Underpinning Utilization of Profit Enhancement Strategies in the Fast Food Marketing Agribusiness.

Table 5 shows the factors underpinning utilization of profit enhancement strategies in the fast food marketing agribusiness.

Table 5. shows the results of the relationship between dependent variable- levels of utilized profit enhancement strategies and independent variables- external factors, socio- cultural factors, social factors, micro- environmental factors, consumers demand.

**Table 5: Factors Underpinning Utilization of Profit Enhancement Strategies by the Fast Food Marketing Agribusiness.**

Parameters	Coefficients	Standardized error	Standardized beta coefficients	T-stat	Sign
(constant)	-1.841	3.348		-5.50	.587
External factors	6.887	2.137	.494	3.222***	.004
Social factors	9.043	1.489	.478	6.073***	.000
Socio- cultural factors	-3.109	2.478	-.204	-1.256	.221
Micro-environmental factors	.757	2.310	.046	.328	.746
Consumers demand	5.336	2.250	.310	2.372**	.026

*Dependent Variable: Level of Utilized*

$R^2 = 90\%$

\*\*\*= significant at 1%

\*\*= significant at 5%

F- stat= 41.5

### Testing of hypothesis

$H_0$ : The selected factors do not have significant effect on the utilization of profit enhancement strategies in the fast food marketing agribusiness.

The above null hypothesis which states that the selected factors do not have significant effect on the utilization of profit enhancement strategies in the fast food marketing agribusiness was conducted noting the statistical significance of the estimated differential slope coefficient  $\beta_1$  using t- statistics. The result shows that three (3) of the selected factors significantly influenced the utilization of profit enhancement strategies in fast food marketing agribusiness in Nigeria. At this point, the results of the statistical significance of the individual explanatory variables in the model are discussed as follows:

#### External Factors;

The result in Table 5 shows that external factors such as natural resources, physical location, policies, capital, economic, health has a positive and a significant relationship with the compliance of fast food marketing agribusiness to profit enhancement strategies. These external factors impact the ability of business to achieve its strategic goals. As managers of fast food marketing outlets understand their external environment uses these external factors such as natural resources, physical location, government policies, capital, and economic health. Natural resources used in the fast food firm needs to be replenished on a constant basis, they save cost and energy and sometimes these cost obtain are passed along to the consumers. Physical location of these firms makes it possible to attract larger business or customers. Government policies have a legal environment which enacts regulations and policies that have positive effects on the firms. Capital is necessary because it enables the manager affording his revenue need for the firm to grow. Any change in the economic health can affect the supply and demand for a company's product and services.

#### Social factors;

The result of the study shows that social factors (0.478)\*\*\* has a positive and significant relationship with the factors underpinning compliance of fast food marketing agribusiness to profit enhancement strategies (Table 5). These Social factors reflect the preferences and trends in a society. These can change over time. Managers need to be aware of these changes to make foods that meet the needs of the consumers. Some of these social factors are employee attitude towards work, low prices of goods, rewards granted, and product quality and consumer demands. Employee attitude towards work creates a strong encouragement towards the managers and customers. Consumers' attitude toward customer service is mostly based on beliefs, feelings and behavioural intentions which significantly affect their services to customers. Low prices of goods saves the fast food managers the effort, expenses and generates consumer's loyalty. Rewards granted helps to stimulate consumers to purchase more. Product quality means to incorporate features that have the capacity to meet consumer need and provide satisfaction.

### Consumer demand:

The result of the study shows that consumer demand (0.310)\*\* has a positive and significant relationship with the factors underpinning compliance of fast food marketing agribusiness to profit enhancement strategies. This is a measure of consumers' desire for a product or service based on its availability. Factors that can stimulate of consumer demands are lower prices of goods, access to the location of the fast food firms, more compensations, food quality and packaging of the product. Consumers require more compensation for purchasing their products, this compensation may include free dish for their kids. More compensation which could be in the form of benefits, fixed or non-fixed monetary rewards are given by the employer to the employee. Packaging plays a primary role in maintaining the benefits and protection of the food product.

### 4. Conclusion

This study analysed profit enhancement strategies among fast food marketing agribusinesses in Nigeria. The study has shown that 60% of fast food firms' managers are aware of profit enhancement strategies. About 42% of the managers were compliant to the recommended profit enhancement strategies, while 58% were not compliant. The major profit enhancement strategies adopted by the managers of fast food marketing agribusiness in the study area were marketing communication, feedback and communication, cost-based pricing, and internal auditing. The utilization of profit enhancement strategies was significantly influenced by external factors, social factors and consumers demand. If these factors are taken care of, the utilization of profit enhancement strategies will improve in the fast food industry, in Nigeria. This study has contributed to knowledge by providing information on profit enhancement strategies that can lead to the improvement and survival of fast food industry in Nigeria.

Based on the research findings the following recommendations are made:

1. Managers of fast food marketing firm's especially new entrants in the industry should attend workshop and training programmes to increase their level of awareness of profit enhancement strategies.
2. The relevant profit enhancement strategies identified in the study such as marketing programmes, cost-based pricing techniques, entertainment, product promotion (advertisement) and internal auditing practices should be improved and adhered to by meat product marketers in fast food firms.

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