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Marketing: A Recipe for Businesses to Leverage Out of Recession in Nigeria

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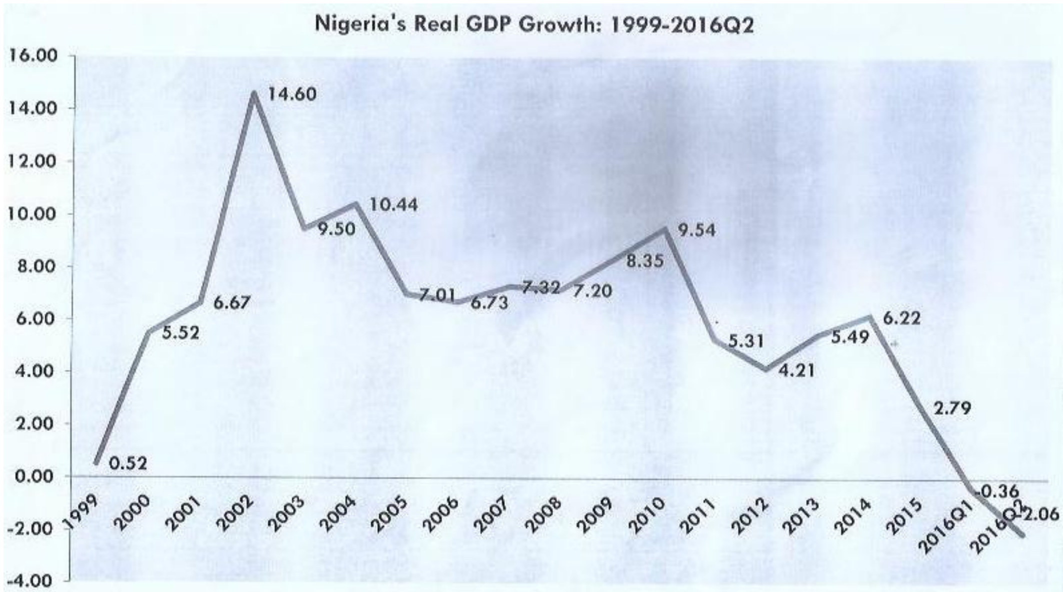
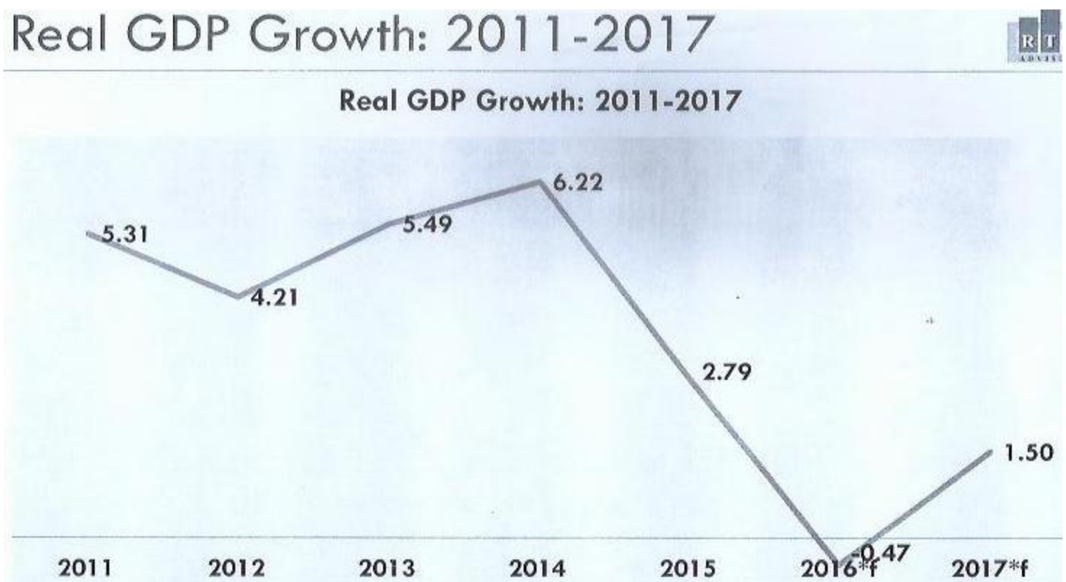
ABSTRACT
This paper is a literary reflection of how marketing can assist businesses to survive during economic recession. A recession is when the economy declines significantly for at least six months. That means there's a drop in the real GDP, Income, Employment, Manufacturing, and retail sales. For a layman's understanding, a recession is a period of general economic slowdown. Recently, the National Bureau of Statistics revealed Nigeria's Gross Domestic Product (GDP) figure which showed that the country's economy contracted by 2.06 percent. This means Nigeria is now officially in a recession. Nigeria's recession is characterised by very high inflation, declining real wages and accelerating unemployment and underemployment. This paper is based on desktop research. Information was collected from textbooks written by renowned authors, and research based articles published in the Newspapers, Professional and Academic Journals in the field of marketing and other relevant areas. The paper revealed the redemptive contribution of Marketing to businesses during recession as Delivery of standard of living to the society, Decrease in distribution cost, Provision of Job Opportunities, Contribute to Gross National Product, Acceleration of Economic Growth, Economic Resuscitation and Business Turn- Around, Building Capital, Fair Prices for Agriculture and Developer of Standards. This paper concluded that marketers must therefore, place emphasis on developing marketing system designed to utilize to the utmost of the economic level of development. This paper recommended redemptive marketing strategies to businesses during recession which include reduction of costs, training of staff, focusing on quality, reviewing of marketing strategies, excellent customer service and expanding geographically.

Keywords: *Recession, Economy, Marketing, Redeeming, Economic Growth, Strategies.*

INTRODUCTION
A recession is when the economy declines significantly for at least six months. That means there's a drop in the following five economic indicators: real GDP, Income, Employment, Manufacturing, and retail sales. People often say a recession is when the GDP growth rate is negative for two consecutive quarters or more. Nigeria's economic situation is in "its worst possible time", according to Finance Minister Kemi Adeosun (Peter, 2016). The graphs below buttress this point that Nigeria GDP has been experiencing a downward slope from the year 2014 and that in 2016 the GDP ran into all-time record negative in the first, second and third quarters before picking up in the last quarter of that year.



Source: RTC Advisory Services Ltd



Source: RTC Advisory Services Ltd

Statements of the Problem

On Tuesday 23rd of May 2017, the National Bureau of Statistics (NBS) released its first quarter (Q1) GDP figure for 2017. According to the report, Nigeria's economic growth contracted by 0.52 percent in Q1 2017, representing the best performance in the last four quarters. From research, Nigeria's highest Gross Domestic Product (GDP) growth rate remains 14.6 percent, which was recorded in 2006.In the fourth quarter of 2016, the economy contracted by 1.73 percent and 0.67 percent in Q1 2016. This is the country's fifth consecutive negative quarterly GDP and it is much better than the last quarter GDP of -1.73 percent. In times of an economic slump, when sales plummet to an appalling low, business owners often tend to get discouraged and despondent. They try to find short-cuts to get themselves back in the running. Many resort to panic and desperate measures such as retrenchments and cutbacks to address the problem. These often backfire as they lose experienced hands and lack budget to keep the business running. So, how will firms stay above water in a recession and what are the surviving strategies?

Objectives of the Study

This paper considered the missing link of marketing and economic redemption of a country. Specifically, the objectives of the paper are to:

i. To explore the meaning of recession as well as that of marketing.

ii. To expose the effects of recession on businesses and

iii. To reveal the importance, significance of marketing and how it can help businesses out of recession.

METHODOLOGY

This paper is based on desktop research. Information was collected from textbooks written by renowned authors, and research based articles from the Newspapers and Professional and Academic Journals in the field of marketing and other relevant areas.

Significance of the study

The study is significant to business management and especially the entrepreneurs in that it revealed to them how marketing can help their businesses to survive and remain competitive especially during and out of recession. The study also contributed to body of knowledge.

Effects of an economic recession on the nation

According to Peter (2016), the following are some of the effects of an economic recession:

i. Decrease in sales of goods and services, due to decreased finances available to individuals and families, the purchase of goods and services decline.

ii. Increase in unemployment, due to decreased sales of goods and services by business owners and Companies, a reduction in the workforce takes place, leading to loss of jobs.

iii. High inflation rate, Nigeria have been experiencing high inflation rate due to scarcity of foreign exchange, a weak Naira, high interest rates, poor electricity supply, dependence on importation and the high cost of doing business in Nigeria. As Nigeria goes into a recession the inflation rate will go higher as the above mentioned factors still persist.

iv. Strained family relationships, as a result of unemployment, loss of income and high cost of living, inter-family relationships would come under strain which may lead to marital and family conflicts. Families and individuals may not be able to avoid the effects of the coming economic recession, they can make changes that can improve their situations and help them prepare for the future, while waiting for the economy to recover. (http://venturesafrica.com /diary-of-a-recession-five-ways-business-owners-in-nigeria-can-survive-the-recession/ retrieved on 1st of June 2017)

Impact of economic recession on businesses

Taking an unnamed manufacturer as a typical big business suffering the effects of a recession for example; what happens to this firm will likely happen to other big businesses as the recession runs its course. As sales revenues and profits decline, the manufacturer will cut back on hiring new employees, or freeze hiring entirely. In an effort to cut costs and improve the bottom line, the manufacturer may stop buying new equipment, curtail research and development and stop new product rollouts (a factor in the growth of revenue and market share). Expenditures for marketing and advertising may also be reduced. These cost-cutting efforts will impact other businesses, both big and small, which provide the goods and services used by the big manufacturer.

i. Falling stocks and slumping dividends

As declining revenues show up on its quarterly earnings report, the manufacturer's stock price may decline. Dividends may also slump, or disappear entirely. Shareholders may become upset. They and the board of directors (B of D) may call for a new CEO and/or an entirely new senior management team. The manufacturer's advertising agency may be dumped and a new agency hired. The internal advertising and marketing departments may also face a personnel shakeup. When the manufacturer's stock falls and the dividends decline or stop, institutional investors who hold that stock may sell and reinvest the proceeds into better-performing stocks. This will further depress the company's stock price.

ii. Credit impairment and bankruptcy

Also impacted by the recession is the accounts receivable (AR). The customers of the company that owe it money may pay slowly, late, partially or not at all. Then, with reduced revenues, the affected company will pay its own bills more slowly, late, or in smaller increments than the original credit agreement required. Late or delinquent payments will reduce the valuation of the corporation's debt, bonds and ability to obtain financing. The company's ability to service its debt (pay interest on the money it has borrowed) may also be impaired, eventuating in defaults on bonds and other debt, further damaging the firm's credit rating and preventing further borrowing. Debt will have to be restructured and/or refinanced, meaning new terms will have to be agreed upon by creditors. If the company's debts cannot be serviced and cannot be repaid as agreed upon in the lending contract, then bankruptcy may ensue. The company will then be protected from its creditors as it undergoes reorganization, or it may go out of business completely.

iii. Employee lay-offs and benefit reductions

The business may cut employees, and more work will have to be done by fewer people. Productivity per employee may increase, but morale may suffer as hours become longer, work becomes harder, wage increases are stopped and fear of further layoffs persists. As the recession increases in severity and length, management and labor may meet and agree to mutual concessions, both to save the company and to save jobs. The concessions may include wage reductions and reduced benefits. If the company is a manufacturer, it may be forced to close plants and discontinue poorly performing brands.

iv. Cut down in quality of goods and services

Secondary aspects of the goods and services produced by the recession-impacted manufacturer may also suffer. In an attempt to further cut costs to improve its bottom line, the company may compromise the quality, and thus the desirability, of its products. This may manifest itself in a variety of ways and is a common reaction of many big businesses in a steep recession.

v. Reduced consumer access

As firms impacted by the recession spend less money on advertising and marketing, big advertising agencies which bill millions of dollars per year will feel the squeeze. In turn, the decline in advertising expenditures will whittle away at the bottom lines of giant media companies in every division, be it print, broadcast or online. As the effects of a recession ripple through the economy, consumer confidence declines, perpetuating the recession as consumer spending drops.(http://www.investopedia.com/articles/economics/08/recession-affecting-business.asp#ixzz4iRCXXbIi)

Impact of economic recession on small businesses

The impact of a recession on small businesses is similar to large businesses. Without major cash reserves and large capital assets as collateral, however, and with more difficulty securing additional financing in trying economic times, smaller businesses may have a harder time surviving a recession. Bankruptcies among smaller businesses may therefore occur at a higher rate than among larger firms. The bankruptcy or dissolution of a small business that serves a community - a franchised convenience store, for example - can create hardships not only for the small business owners, but for residents of the neighborhood.

In the wake of such bankruptcies or dissolutions, the entrepreneurial spirit which inspired someone to go into such a business may take a hit, discouraging, at least for a while, any risky business ventures. Too many bankruptcies may also discourage banks, venture capitalists and other lenders from making loans for startups until the economy turns around. http://venturesafrica.com/diary-of-a-recession-five-ways-business-owners-in-nigeria-can-survive-the-recession/ (Retrieved on 1st June, 2017).

Economic recession and marketing

An economic recession is not a permanent situation but rather a temporal one; the Nigerian economy will surely bounce back. However, while we wait for the economy to recover, we should be prepared for the tough times ahead and steps can be taken to enhance the recovery. One of these steps is the adoption of the principles and practice of marketing. For the purpose of this article, Kotler and Armstrong (2001) described marketing as a social and managerial process whereby individuals and groups obtain what they need and want through creating and exchanging products and value with others. It is an integrated process through which companies build strong customer relationships and create value for their customers and for themselves. The American Marketing Association (2013) defined marketing as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Marketing is seen as the task of creating, promoting and delivering of goods and services to customers and business. Marketers are skilled in stimulating demand for the company's products; they are responsible for demand management; they seek to influence the level, timing and composition of demand to meet the organizations objectives. Explicitly, marketing people are involved in marketing various types of entities among which are the following:

i. Goods: Physical goods constitute the bulk of production and marketing efforts.
ii. Services: A growing portion of business activities are focused on the production of services.
iii. Events: Marketers promote time-based events such as trade shows, artistic performances, and the Olympics.
iv. Experiences: By orchestrating several services and goods, a firm can create and market experiences.
v. Persons: Celebrity marketing is a major business.
vi. Places: Cities, states, regions and whole nations compete actively to attract tourists, factories, and new residents.
vii. Properties: Are intangible rights of ownership of either real property (real estate) or financial property (stocks and bonds).

Marketing affects the economy in many ways. First the stimulation of demand is a key not only to consumption but to income and employment as well. Marketing is intricately linked with the economy of virtually all nations of the world. It is the major factor, especially undeveloped economies responsible for the wealth of nations and the means of resuscitation during economic depression. Countries like U.S.A, Japan, UK, Germany, France, Switzerland and Belgium have tremendously benefited from the performance of their marketing activities, which have really helped to boost their economies and contribute to the GNP. For most developing countries, (including Nigeria) the scenario and the business climate have not been favourable, due to some attendant problems, such as poverty, fragmented markets, weak investment culture, prevalence of sub-standard local products, and the unwillingness of the majority of manufacturers and businesses to imbibe ethical marketing practices. In seeking to ensure that every country designs and implements the best method of achieving socio-economic transformation, marketing can be a veritable vehicle (Aigbiremolen and Aigbiremolen (2014). Generally, marketing strives to serve and satisfy human insatiable needs and wants. Therefore, marketing can be considered as a strategic factor in the economic structure of any society (either developed or developing). This is because it directly allocates resources and has a great impact on other aspects of economic and social life. Thus the link between marketing and growth and development of contemporary economies is quite obvious (Ewah, 2007).Globally, the major role of marketing is to ensure the continuance in growth of economies and individual's standard of living (Ibidunni, 2012). In developing economies marketing can act as a catalyst to institutionalize and propel economic growth and commercial life of the people. (Olakunori, 2012).

The Significance of Marketing to an Economy

Quite a lot has been written by several authors about the structure of the so called "underdeveloped economy" and about the theory and dynamics of economic development. What we tend to forget, however, is that the essential aspect of an "under-developed" economy and the factor of absence which keeps it "underdeveloped", is the inability to organize economic efforts and energies, to bring together resources, wants, and capacities, and to convert a self-limiting static system into creative, self-generating organic growth. This is where marketing comes in. At this juncture, it would be basic to get across the triple function of marketing – the function of crystallizing and directing demand for maximum productive effectiveness and efficiency; the function of guiding purposefully toward maximum consumer satisfaction and consumer value; the function of creating discrimination that they give rewards to those ones that really contribute excellence, and penalizes the monopolist, the slothful, or those who only want to take but do not want to contribute or to risk. Marketing therefore, is an economy's arbiter between productive capacity and consumer demand. In addition, marketing process is a critical element in the effective utilization of the production resulting from economic growth, and balance between higher production and higher consumption. Effective marketing not only improves the life-style and well-being of the people in a specific economy, but upgrades world markets. Although marketing cannot create purchasing power, it can uncover and direct that which already exists. Increased economic activity leads to enlarged markets which set the stage for economies of scale in distribution and production that may not have existed before. Marketing has acquired an important place for the economic development of the whole country. It has also become a necessity for attaining the object of social welfare. As a result of it, marketing is considered to be the most important activity in a business enterprise while at the early stage of development it was considered to be the last activity.

For convenience, Olakunori (2012) enumerated the importance of marketing as follow:

i. **Delivery of standard of living to the society**

A society is a mixture of diverse people with diverse tastes and preferences. Modern marketing always aims for customer satisfaction. So, main liability of marketing is to produce goods and services for the society according to their needs and tastes at reasonable price. Marketing discovers needs and wants of society, produces the goods and services according to these needs creates demand for these goods and services. They go ahead and promote the goods making people aware about them and creating a demand for the goods, encouraging customers to use them. Thus, it improves the standard of living of the society.

ii. **Decrease in distribution cost**

Through effective marketing the companies can reduce their distribution costs to a great extent. Decrease in cost of distribution directly affects the prices of produce.

iii. **Provide Job Opportunities**

Marketing provides job opportunities to millions of people the world over. This is mostly experienced in well industrialized countries and emerging markets. Most people in these economies are engaged in private endeavours as investors and entrepreneurs. Some of these marketing opportunities are abound in areas like, advertising, retailing, wholesaling, transportation, communication, public relations, services, manufacturing, agents and brokers, to mention a few. It is gratifying to note that the number of jobs being created by marketing has been increasing just as the development process of modern technology is a contributing factor.

iv. Contribute to Gross National Product

The strength of any economy is measured in terms of its ability to generate the required income within a given fiscal year or period. Thus such a country's GNP must appreciate overtime. Marketing is the pivot and life wire of any economy, because all other activities of an organization generate costs and only marketing activities bring in the much needed revenues (Kotlerand Keller(2009).Successful operation of marketing activities creates, maintains and increases the demand for goods and services in society. To meet this increased demand the companies need to increase the level of production in turn raising their income. This increase, in turn, increases the national income.

v. Acceleration of Economic Growth

Marketing encourages consumption by motivating people in a country to patronize goods produced to meet their identified needs. When people buy goods that are produced in a country, there is the tendency that producers will equally increase production to meet up with future demands. In so doing, marketing increases the tempo of economic activities, creates wealth for serious minded entrepreneurs and accelerates the economic growth of a nation. Thus, the more marketing philosophy is institutionalized in a country, the more developed and wealthy the country becomes, all things being equal.

vi. Economic Resuscitation and Business Turn- Around

Marketing is the most meaningful means for achieving economic resuscitation and business turn-around strategy. By practically adopting the modern marketing philosophy (consumer satisfaction through integrative effort), fine-tuning its offerings to meet consumer's changing taste or counter competition, developing new and better products and exploiting new markets at home or abroad, industries and organization can achieve economic resuscitation and a more viable open widows for business prosperity.

vii. Building Capital

Marketing spurs demand. This is an important function. In spurring demand, it creates wants that the manufacturing interests of the country can then satisfy. In this way, marketing can create capital through the use of consumption currency for future projects. This, in a way, is a means of development and modernization. The simple act of linking producers and consumers through information can permit consumers to realize what is available, creating demand where none existed. Markets can be created and with it, new channels of consumption and cash flow.

viii. Fair Prices for Agriculture

Most undeveloped societies are primarily agricultural. Agricultural societies are often dominated by the local, including local power structures and oligarchies. Marketing can then link these agricultural units to the broader society, including the global society. Local oligarchies can be broken when marketing links consumers in other part of the country or region, meaning that local farmers can have a broader market and even higher prices for their produce.

ix. Developer of Standards

Marketing is the developer of standards for product and service as well as of standards of conduct, integrity, reliability, foresight, and of concern for the basic long-range impact of decisions on the customer, the supplier, the economy, and the society. Merchants, producers and bankers are all directly involved in marketing throughout a target economy. They want to promote a product that will produce profits and a large, permanent share of the market. This cannot be done unless the products being promoted are of high quality and reasonable price. Shoddy goods generally do not promote market loyalty. Therefore, serious marketing in the developing world must enhance standards of quality, price, reliability and service.

CONCLUSION

It is no longer news, the country is broke, and oil prices have gone down to an all – time low of less than $50 per barrel. We didn't save when we had excess, we didn't build infrastructures. Not enough power to drive the industries. These are tough times but provide the opportunity to learn and build. Nigeria's recession is characterised by very high inflation, declining real wages and accelerating unemployment and underemployment. For Nigeria to be great again we need to take tough decisions. Marketing needs to take the front burner. Marketing as a functional discipline of business may be understood as a dynamic process of society through which business enterprise is integrated productively with society's purposes and human values. It is in marketing, as we now understand it, that we satisfy individual and social values, needs and wants – be it through production of goods, supplying of services, fostering innovation, or creating satisfaction in a profitable manner. Marketing, as we have come to understand it, has its focus on the customer, that is, on the individual making decisions within a social structure and within a personal and social value system. Marketing is therefore, the process through which economy is integrated into society to serve human needs. In view of this, it is quite clear that as a nation develops, its capacity to produce develops, typically in the distribution structure. Nigerian marketers must therefore, place emphasis on developing marketing system designed to utilize, to the utmost, the economic level of development. The impact of social and economic trends will continue to be felt in this country and elsewhere during the next decade, causing significant changes in distribution systems, personal shopping habits, and consumer demand. The continued growth of these trends requires that the Nigeria marketer constantly evaluates the dynamic aspects of his market. In this way, the role of marketing in economic development of our country is ensured.

RECOMMENDATIONS

What is needed in this country to make economic development realistic, and at the same time produce a valid demonstration of what economic development can produce is to replace the traditional "trader and merchant" system with a good marketing system: a good physical distribution, a financial system, and finally actual marketing, that is: an actual system of matching production capacity and resources with consumer needs, and purchasing power to eliminate some of the inefficiencies that exist in the economy of our country. The economic situation in the country is affecting millions of Nigerians who now save more in order to avoid debts. Business organizations are beginning to slash the salaries of their staff while some are lying off workers; smaller businesses are beginning to close up shop. However, all hope is not lost for business owners who want to stay in the market and keep their customers during this recession. Here are five smart things to do:

1. **Reduce costs.** During a recession, a business owner is advised to reduce the cost of running the business in order to optimize profit. This means business owners will be forced to reduce their staff strength and every other expenditure. They should also look for ways to sell items that do not move or turn frequently, and not lock down cash.
2. **Training of staff.** Since downsizing is inevitable during a recession, it is necessary to train the remaining staff. This is because when one person leaves and the other person remaining is trained to handle the task, it would go a long way in helping productivity. The absence of the other person will not be felt as customers will remain satisfied with your services.
3. **Focus on quality.** According to Henry Ford, quality means doing it right when no one is looking. But in this case, it is doing it right even when times are hard. This is because in the long run, what wins is quality. Business owners do not need to compromise quality in order to gain because, in the long run, customers may not return since they have lost their confidence in the said products and services.
4. **Review marketing strategies.** Business owners need to review their marketing strategies in order to remain in the business. Advertising is the mouth piece of business; so don't reduce marketing budget but instead spend more on it to let your customers know you will stand by them even in the face of a recession. The business may need to reduce spending on traditional media and focus more on the internet. With this, they will be able to focus on existing clients and get more out of them. Internet marketing will save many companies as people will not spend their money buying the dailies when they can get the information they need online.
5. **Excellent customer service.** Put more effort in excellent customer service. A customer is always right. Loyal customers in a recession are company's greatest assets. Without them, business will not survive the heat. It is often said that it costs more resources to find new customers than to retain existing ones. Courteous treatment will make a customer a walking advertisement. In a recession, to stay afloat a business must stay true to its customers by establishing a closer relationship with them; provide excellent services and deal with their complaint with utmost priority.
6. **Expand geographically.** Internet marketing has created a new wave in the business scene. It has been able to help business owners expand their services geographically. All a business owner needs to do at this time is to create an expertise or a niche item/service by making it unique and different from what customers may get from other companies. (http://venturesafrica.com/diary-of-a-recession-five-ways-business-owners-in-nigeria-can-survive-the-recession/). If you can keep your business strong

through the recession, then your business will grow stronger with the recovery of the economy.

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