Review of Distributors, Retailers and Customers’ Assessment of Lion Brand Portland cement Over Other Competing Portland Cement Brands

Richard Jimin Agema, Ochanya Blessing Adedge, Philip Dewua
Department of Business Management, Faculty of Management Science, Benue State University Makurdi, Nigeria.

Abstract: The main objective of this paper is to present a review of distributors, retailers’ and customers assessment of lion brand Portland cement product over other competing Portland cement brands in Nigeria. The researchers adapt mix research methodology. Therefore, the research methods adapted for the study is survey, historical, descriptive, analytical and empirical methods. The sample population designed for the study was 44 distributors, retailers, and 44 customers of the company’s product. A cluster sampling method is adapted for the study. Distributors, retailers, and customers were asked to assess the product over other competing cement brands like Dangote cement, Ashakacem, and Rock imported cement. Results of the survey conducted revealed that: distributors, retailers, and customers rated Lion Brand Portland Cement product over other competing brands as rather poor. Similarly, Consumers and Customers also rated Lion Brand Portland Cement over other competing brands as rather poor. The poor rating was in terms of low-capacity utilization that couldn’t meet Consumers and Customers demand for the product. The poor rating was also associated with poor packaging, poor customer services and scarcity of the product at depots and retail outlets due to constant plant shutdown and low capacity utilisation. The study recommends that, the company should improve on low-capacity utilization to meet consumers demand for the product. In addition, company should improve on product packaging i.e. the underweight of the package product and encourage good Customer Service delivery at plants and depots to improve product positioning and sales.

Key words: Distributors, Retailers, Customers, assessment, Lion Brand Portland cement, Benue Cement Company Plc.

I. INTRODUCTION

This study is a review on assessment of Lion Brand Portland Cement brand of Benue Cement company Plc, by Distributors, Retailers, and Customers over other competing cement brands in Nigeria. The purpose of the study is to provide empirical evidence of the Company’s product brand in terms of performance of the company’s product in the cement market in Nigeria. The value to businesses of owning strong brands is incontestable. Brands that keep their promise according to Clifton and Simmons (2003) is to attract loyal buyers, who will return to them at regular intervals. The benefit to the brand owner is that forecasting cash flows becomes easier, and it becomes possible to plan and manage the development of the business with greater confidence. Thus, brands, with their ability to secure income, can be classed as productive assets in exactly the same way as any other, more traditional assets of a business (plant, equipment, cash, investments and so on). The asset value of brands is now widely recognised, not just by brand owners but by investors. Brands can generate high-quality earnings that can directly affect the overall performance of the business and thus, influence the share price.

Statement of Problem

Distributors and Retailers provide an important link in the supply chain to the final Consumers of products and services. Benue Cement Company had a chain of distributors and retailers across the country. To achieve the distribution of its product, the Company had eleven (11) depots, located in Abuja, Adikpo, Gboko, Makurdi, Onitsha, Oturkpo, Tsekuca, Vandeikya, Jos, Enugu and Lafia. This was made up of 334 individuals, 807Corporate bodies and government, 5 Institutions and 15 Development Associations. This brings the total to 1,161 distributors. (Benue Cement Company Plc Annual Report & Accounts, 1997). This arrangement couldn’t meet the needs of consumers and customers as expected due to low-capacity utilization; this led to inability of the company to meet customer demands at depots across the country. However, the researchers are interested in distributors, retailers, customers and consumers assessment of the company’s product over other competing cement brands.

Before the turn of the millennium, Okigbo (2013) affirms that, Nigeria had about seven cement manufacturing companies but were hardly producing up to 600,000 metric tons of cement per annum by each of them. This level of production could not meet up the national cement need. This led to extensive importation of cement into the country. Businesses sprang up in the importation of cement. Some of these businesses even pretend to be manufacturing cement by setting up bagging plants, warehouses and then go to countries like China, Turkey, Indonesia and other parts of the world, where cement has gone through all the stages of processing and value addition is sold at very cheap prices, then haul the cheap cement into the country and begin to bag and sell Osagie (2011). This continued until the government of Nigeria introduced the policy of backward integration in 2002. Osagie (ibid) posited that this policy was mainly targeted at cement business in the country. The government also put a deadline...
for all the local manufacturers of cement to have successfully ploughed the profit from the cement business into local investment in cement production. During the period it follows as extant literature revealed that “BCC was hit by liquidity problems for some years before and within that period.

This is evident by the analysis of the company’s liquidity ratios as its current ratio then ranged from 0.42 in 2001 to almost 0.09 in 2005. The quick ratio was worse with a range of 0.078 in 2001 to 0.048 in 2005, while the cash ratio was abysmal with an average less than 0.01 for the five years under review. This means the company’s assets could not cover current liabilities and this increased as the years progressed. The most frightening factor was cash flow with a constant negative cash flow from operations for all the years covered as stated above. The company’s only resolve was to fund its operations through loans and advances. The loans and advances almost became the company’s Achilles heel as the company faced harsh operating environment and thus could not increase profitability” . www.meristemng.com. 2007. This development led to the Company’s takeover by her competitor Dangote cement Plc.

Objective of the study

The main objective of this study is to provide a review of Distributors, Retailers and Customers’ assessment of Lion Brand Portland Cement over other competing Portland Cement Brands in Nigeria.

Research Question 1.

As a Distributor or Retailer, what is your assessment of Lion Brand Portland Cement over other competing brands of Portland cement?

Research Question 2.

As a Customer or Consumer of Lion Brand Portland cement, what is your assessment Of Lion Brand Portland cement over other competing brands of portland cement?

II. LITERATURE REVIEW

Having a strong distribution and warehousing strategy as cited in Kahia and Iravo (2014) is critical to your success in today’s global environment as a production firm (Londe et al., 1998). This is because, “it is paramount to be able to deliver quality products to its customers. Meeting specific customer service requirements around products and services can help grow market share by maintaining strong existing relationships and growing new ones.” According to Christopher & Towill (2001) “the ability to plan and execute the movement of the right product to the right place at the right time can also make the supply chain more efficient by significantly reducing expedited freight and the production and repositioning of unneeded inventory. The best plans are only as effective as their execution.” “Many manufacturing firms have structured some of the best distribution logistics plans, however many still falls short of customer expectations when it comes to delivery of the right goods in time, in good condition and under minimum costs possible. The efficiency and effectiveness of the logistics operation has a considerable influence not only on the business performance of manufacturers but also on the customer’s perception of the quality of the products and services provided by the plant.” These facts provide background to what could be the expectations of the Management and the entire workforce of any company towards achievement of its marketing objective through an effective distribution and retail network.

A brand as cited in Ghodeswar (2008) is a distinguishing name and/or symbol (such as logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors. A brand thus signals to the customer the source of the product, and protects both the customer and the producer from competitors, who would attempt to provide products that appear to be identical (Aaker, 1991). Brands provide the basis upon which consumers can identify and bond with a product or service or a group of products or services (Weilbacher, 1995). From the customer’s point of view, a brand can be defined as the total accumulation of all his/her experiences, and is built at all points of contact with the customer (Kapferer, 2004). A successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely (Chernaton and McDonald, 1998).

In delivering the brand performance, Ghodeswar (2008) reasoned that, Companies need to continuously track their brands against the effect of competition, especially in the face of aggressive competition. He prescribed that, they should track their progress as to how their brands are doing in the marketplace, and what impact certain market interventions will have on the brand equity. He posited that, Progress can be monitored in terms of the level of purchasing, consumption, brand recognition, brand recall, advertising awareness, etc. This approach will enable brand marketers to assess the effect of marketing campaign in influencing the target consumers, which in turn leads to measure the brand strength. The transaction analysis enables the company to assign brand team members the task of experiencing all the steps a customer might go through to see how the system makes the customer feel (Knapp, 2000). In product-driven companies, service is playing an important role in the brand experience as they view the brand in terms of its entire relationship with their customers. Progressive company cultivates its brand philosophy across functional lines throughout the organisation, evaluates all contact points with customers, and streamlines organizational processes to meet customer needs and deliver a consistent brand experience.

A manufacturer’s existing brands are potentially vulnerable to successful new brands from competitors. It is, therefore, in the manufacturer’s interest to maintain the relative functional excellence of its existing brands. This means continuously upgrading their performance. The best discipline to focus
attention on this upgrading is to carry out regular blind product test of the manufacturer’s brand against its competitors (Jones, 2000) helps the firm to maintain the relative functional excellence of its existing brands. This approach enables the firm to protect its brands from the impact of the successful new brands of the competitors and gain brand loyalty. Considering the attitudes of consumers towards brands, it is important to look at symbolic values of brands to consumers. Hence, Holt (n d) posited that, ‘Customers get three types of symbolic value from brands: they viscerally experience desired values and identities when they consume the brand (what anthropologists call ritual action); they use the brand symbol to create social distinction, to make status claims; and they use the brand symbol to forge solidarity and identification with others.’ In spite of the above, we are left to see how Distributors, Retailers and Consumers perceived the performance of Lion Brands Portland cement in the market over other competing local brands of Portland cement.

III. METHODOLOGY

The research methodology adapted for this study is a mixed research methodology.

Research Method

The research methods adopted for this study is survey, historical, descriptive, analytical and empirical methods.

Data Collection methods

The data collection methods adapted for this study are Questionnaire, observation, oral interview and secondary sources of data through Literature Reviews.

Description of Population

The company had a population of 334 individual distributors across the country with 11 depots. For the purpose of this study, a Sample population of 44 was drawn from an average of five depots. From the 11 depots, 22 distributors and 22 retailers were purposefully selected for the study. In addition, 44 customers/consumers were also drawn for the study covering an average of the five selected depots made up of Abuja, Gboko, Makurdi, Enugu and Jos Depots only. Thus, an average of 8.8 customers /consumers each were purposefully selected from the five depots for the study.

Sample and Sampling procedure

The sample population of 44 was designed for this study, with an average of 22 distributors, and 22 retailers’ and 44 customers/consumers separately for the second research question. The questionnaire designed for the study was distributed to the distributors and retailers during working hours between 800 AM hours and 400 PM hours at their depots. The researchers employed two research assistants for the administration of questionnaire in Enugu and Jos depots and customers/consumers work stations and construction sites. Copies of the questionnaire for Abuja, Gboko, and Makurdi were administered by the researchers. The questionnaire for Consumers and Customers was administered to the selected consumers/customers at work stations and on construction sites in Abuja, Gboko, Makurdi, Enugu and Jos. They were, however, allowed to complete the questionnaire within the period of 30 minutes after its administration. Thereafter, the questionnaire was collected after 35 minutes of completion.

Data analysis Techniques

The data analysis techniques designed for this study is descriptive and inferential statistics using average, frequencies, percentages, and Pie-charts.

IV. FINDINGS

To answer the research questions the researchers relied on the responses to the research questions in the questionnaire designed for cement distributors, retailers and consumers /consumers. The questions were designed for the above categories of respondents to give their assessment of Lion brand Portland Cement in the market over other competing Portland cement Brands.

Research Question 1.

As a Distributor or Retailer, what is your assessment of Lion Brand Portland cement over other competing brands of Portland cement?

Table 1. Results of Distributors and Retailers assessment of Lion brand Portland cement over other competing cement brands from the field survey conducted.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely poor</td>
<td>7</td>
<td>16%</td>
</tr>
<tr>
<td>Rather poor</td>
<td>23</td>
<td>52%</td>
</tr>
<tr>
<td>Quite well</td>
<td>9</td>
<td>20%</td>
</tr>
<tr>
<td>Very well</td>
<td>2</td>
<td>5%</td>
</tr>
<tr>
<td>Excellent</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>Blank responses</td>
<td>2</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>44</td>
<td>100%</td>
</tr>
</tbody>
</table>

Fig 1: Distributors and Retailers assessment of Lion brand Portland cement over other competing cement Brands

As Distributor, or Retailer, what is your assessment of lion brand brand Portland Cement over other competing cement brands?

Source: Field Survey Data
In the above question from the questionnaire, the respondents i.e. distributors and retailers of lion brand Portland cement were asked to give their assessment of lion brand Portland cement over other competing cement brands. Results of processed data from the field survey conducted as presented in Fig. 1 above shows that respondents’ opinions in evaluating the company’s product in the market revealed that, 23 respondents representing 52% of the population rated Lion Brand Portland Cement as rather poor. The poor rating of the brand was not be associated with the overall quality of the product, because it was of top quality and the demand for it usually exceeds production output, but due to low-capacity utilization. This constraint is emphatically stated in the company’s Annual Report and Accounts of (1996:6) which states that, “there was general decline in production dispatches, and turnover also fell from ₦2.3 billion to ₦1.96 billion.”

On the positive side only 11 respondents representing 20% of the sample rated it as quite well and only 01 respondents representing 02% of the same rated it as excellent. There were 02 blank responses representing 05 % of the sample which cannot be interpreted further due to non-response. In an attempt to critically access the performance of Lion Brand Portland Cement in the market over other competing brands, an assessment of customers’ attitude towards the purchase of the product is examined in the second segment of this analysis.

To effectively assess the performance of Lion Brand Portland Cement in the market, Doyle, (1999) believes that: “A successful brand is one which customers wants to buy and retailer want to stock – and that, it should achieve a high market share, and also affirms that, brands with a high market share are considered to be much more profitable. Therefore, building successful brands is all about quality, service, innovation and differentiation. He postulated that advertising has two functions in building successful brands. Successful advertising accelerates the communication process of generating awareness and interest in the brand value in a manner, which appeal to the target customers and increases confidence in the choice process.” The case of Lion brand Portland cement in this respect was affected by low- capacity utilization that could not meet consumers and customers demand at depots, distributor, and retail stores as extant literature suggests. It follows that consumers’ confidence was partly eroded as the company could not meet their demand consistently, this resulted into looking for alternative competing brands available in the market such as Dangote and Rock imported cement.

Research Question 2.

As a Customer or Consumer of Lion Brand Portland cement, what is your assessment?

Of Lion Brand Portland cement over other competing brands of Portland cement?

Table. 2. Results of Customers’ assessment Lion brand Portland Cement over other competing Portland Cement Brands.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely poor</td>
<td>7</td>
<td>16%</td>
</tr>
<tr>
<td>Rather poor</td>
<td>15</td>
<td>35%</td>
</tr>
<tr>
<td>Quite well</td>
<td>9</td>
<td>20%</td>
</tr>
<tr>
<td>Very well</td>
<td>8</td>
<td>18%</td>
</tr>
<tr>
<td>Excellent</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>Blank responses</td>
<td>04</td>
<td>9%</td>
</tr>
<tr>
<td>Total</td>
<td>44</td>
<td>100%</td>
</tr>
</tbody>
</table>

In responses to the research question in the questionnaire, the respondents were asked to indicate their rating and give reasons for their rating. The results of processed data from the field survey conducted as presented in Fig. 2 above shows that 07 respondents representing 16% of the sample rated customers’ attitudes towards purchase of the product as extremely poor. Also, 15 respondents representing 35% rated it as rather poor.

The respondents gave reasons for poor rating of the customer’s attitude towards purchase of Lion Brand Portland cement as: poor packaging, poor customer service at plant and depots, scarcity of the Lion Brand Portland cement product at depots and the under-weight of its 50kg cement bags etc. In addition, Agema (1997) research findings also support the above positions of the respondents in a similar investigation. In addition, 09 respondents representing 20% of the sample rated it as quite well. On the contrary, 08 respondents representing 18% of the sample rated Lion Brand Portland cement as very well and only 01 respondent representing 02% of the sample rated the product as excellent. There were 04 blank response representing 09% of the sample, which cannot be explained further due to non-response.

Furthermore, the reasons behind this assessment also lies in the fact as cited in Agema (1997) that “the company was not
able to meet its customers demand for the product over the years, this development was associated with low capacity utilization, low production output, as well as constant plant shut down, due to inadequate supply of local sourced raw materials (especially gypsum), coupled with cash flow problems to meet the company’s overall operational needs to achieve its business objective.” Thus, customer attitude towards Lion Brand Portland cement as rightly observed by the respondents in their assessment with all the above attendant problems over the years cannot be said to be good or favourable as rightly opined by the respondents in their assessment, with all the attendant problems over the years of its operations.

Moreover, in the company’s Annual Report & Accounts of (2000), the managing Director’s report on the problems affecting the company reaffirmed the respondents opinions on the poor rating of the company’s product, as he stated that: “Once these (i.e. the company’s problems of weak liquidity position), which makes it difficult to source spare parts and other vital production inputs; erratic power supply from public source; shortage of high price of petroleum products; the stalemate over the privatization of the company, which has continued to deny it of both technical and financial supports; and the company’s inability to recapitalize and depend less on expensive bank borrowings) are resolved, it is hopeful that the company will bounce back to profitable operations in the years to come”. However, unfortunately, the company never bounced back to profitable operations as it was subsequently taken over by one of her competitors Dangote Cement Plc.

An assessment of Customers attitude towards Lion Brand Cement in the market over other competing local Portland Cement Brands cannot be complete without examining customers’ satisfaction and loyalty which constitutes indicators for successful product in the market. Thus, in his study and contribution on customer satisfaction and brand loyalty, Aaker (1992) noted, that “the most important asset of many firms is the loyalty of the customer base and that measures of sales and market share are useful but crude indicators of how customers really feel about a firm. For such measures reflect market inertia in part, because of competitor actions and market fluctuations, as well as the sensitiveness and value of customer satisfaction and brand loyalty, and added conclusively that, measures of customer satisfaction and brand loyalty are much more sensitive and provide diagnostic value as well.”

Furthermore, Aaker (ibid) in his presentation on customer orientation noted that “a customer focus is something that many organizations profess to have.” According to him, the problem is how to distinguish between lip service and a meaningful culture and set of programs that together represent a meaningful Sustainable Competitive Advantage (SCA). A profile of a customer-driven organization, suggests that more than lip service it involves a set of twelve characteristics organized around three themes.

Firstly, a customer-driven firm should have in-depth understanding of the customer based on first hand contact and marketing research. This is confirmed by Agema (1997) survey of inadequate market information on the part of the company in marketing its product. Secondly, the firm should have a clear idea about what it wants customers perceptions to be and what they actually are and why. Thirdly, the business should make sure that it is delivering quality or value by measuring customer satisfaction and reacting to the resulting input.

The respondent 35% poor rating of customers attitude towards Lion Brand Portland cement as presented in Fig.2 is attributed to some factors given by respondents such as; persistent scarcity of the product in its target market; the under-weight of the 50kg bag of Lion Brand cement; leaking of the Lion Brand Portland cement bags on transit due to poor package and the company’s inability to meet customers demand for the product due to incessant plant shut down with non or little production over a long period of time. This situation, the researchers observed led to large-scale disappointed stakeholders, such as the customers, shareholders and employees of the company with persistent scarcity of the product in the target market. Each of these stakeholders lost something of value as a result of this development.

Furthermore, scarcity of the product the company could not achieve proper positioning of its product in the target market, even though it had a comparative advantage over other competing cement brands in terms of strength quality. The company was known for its production of high-quality Lion Brand Portland cement product in terms of the strength of cement for construction work. It was in view of this that the company had received local and international awards in the area of high-quality product of Portland cement.

Result of field survey conducted also revealed that 35% of the respondents opined that; Lion Brand Portland cement has poor product differentiation advantage over other competing cement brands, such as Dangote and Rock imported packaged cement in terms of poor packaging and under-weight of its 50kg bag of Lion Brand Portland cement. The respondents observed that the management of Dangote and Rock imported Portland cement identified these weak points and took advantage over Lion Brand Portland cement target market by presenting into the market “well packaged” 50kg Dangote and Rock cement to compete with Lion Brand cement effectively”.

Secondly, investigations from literature survey conducted also revealed as Agema, (1997) noted that the company had problem of “poor customer services in the marketing of its Lion Brand Portland cement”, especially in the area of delay in the dispatch of cement to customers after payment, and “the company’s inability to pay on schedule suppliers of inputs and the inability of the company to meet customers’ demands/needs at its nationwide cement depots as a result of
product scarcity, which was as a result of low capacity utilization and frequent plant shutdown.

Thirdly, from what Doyle (1999) posited, it can be inferred that, even though the company is known for producing high quality Lion Brand Portland cement product, it was not been able to effectively manage this area of its strength successfully to the company’s advantage for profit. Consequently, the company’s management can be described as not being innovative in its strategic thinking to meet business challenges, changes in the market and proper differentiation of its product, for its unsuccessful positioning in the target market as reasoned by Doyle (ibid) and Aaker (1992). With all these shorts fall in the company’s marketing operations strategies, this study concludes that, Lion Brand Portland cement customers and consumers can be described as not adequately satisfied.

V. CONCLUSION

Results of investigation revealed that, assessment of lion brand Portland cement by distributors, retailers, customers’ and consumers’ over competing brands of Portland cement was rather poor. The poor rating was associated with low-capacity utilization, which led to inability of the company to meet customers and Consumers demand for the product in the market. This led to general decline in production dispatches and turnover. The poor rating of company’s brand was also associated with poor packaging i.e., under-weight of its 50kg cement bags and poor customer service delivery at Plant and Depots. i.e. the company’s inability to meet Customers demand for the product over the years. The Company also had several cases of plant shutdown due to inadequate supply of locally sourced raw materials particularly gypsum, coupled with cash flow problems to meet the company’s operational needs to achieve its business objective. Extant literature as prescribed by Ghodeswar(2008) suggests that, “Companies need to continuously track their brands against the effect of competition, especially in the face of aggressive competition. They should track the progress as to how their brands are doing in the marketplace, and what impact certain market interventions will have on the brand equity. Progress can be monitored in terms of the level of purchasing, consumption, brand recognition, brand recall, advertising awareness, etc. This approach will enable brand marketers to assess the effect of marketing campaign in influencing the target consumers, which in turn leads to measure the brand strength.’” The company’s problem of stalemate over Privatization should be solved without delay, to improve the financial position of the company. Finally, excessive and expensive financial borrowings by the company’s management should be controlled through proper accountability to make the company’s operations profitable in a sustainable manner etc.

VI. RECOMMENDATIONS

To improve the poor rating performance of Lion brand Portland cement in the market, the company should improve on capacity utilization to meet or exceed its stated production capacity. In addition, the company should improve on packaging of its under-weight 50kg bags of cement to improve its product positioning in consumers mind, thereby increase sales. Furthermore, the management of the company should work towards solving the problem of inadequate public power supply to the plant. Additionally, management of the company should also work towards ensuring timely payment of suppliers of inputs to the company for its production operations. It is in this direction that Ghodeswar (2008) reasoned that, “Companies need to continuously track their brands against the effect of competition, especially in the face of aggressive competition. They should track the progress as to how their brands are doing in the marketplace, and what impact certain market interventions will have on the brand equity. Progress can be monitored in terms of the level of purchasing, consumption, brand recognition, brand recall, advertising awareness, etc. This approach will enable brand marketers to assess the effect of marketing campaign in influencing the target consumers, which in turn leads to measure the brand strength.”

REFERENCES


