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Penetration Strategies and Performance of Small and Medium Enterprises in Benue State

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ABSTRACT: The main objective of this study is to examine the effect of market penetration strategies on the performance of Small and Medium Enterprises (SMEs) in Benue State. Anchored on the Resource Based Theory, the study has a sample of 361 SMEs owners/managers purposively sampled from a population of 3740 using Taro Yamene's formula. Multiple regression statistical tools are used in analyzing data while the standard error is used in testing the three hypotheses or objectives of the study. The result of analysis and test is expected to should that market penetration strategies have significant effect on the performance of SMEs in Benue State with its proxies as market segmentation, product packaging and sales promotion. The submission of the study is that market segmentation, product packaging and sales promotion which are the various dimensions of market penetration strategies collectively increase the performance of SMEs in Benue State. It is thus, significant for the owners and managers of SMEs to always be conscious of the business environment to be proactive in creating market segments, uniquely packaging products and adopting advanced sales promotion methods that will always give them competitive advantage and enhance firm's performance.

KEYWORDS: SMEs, Market Penetration, Performance & Economic Growth

INTRODUCTION

Small and Medium Enterprises (SMEs) make important contributions to economic and social development of any country. Consequently, the growth of the SME sector directly affects the economic performance of the nation. In all economies they constitute the vast majority of business establishments and they are usually responsible for the majority of employment opportunities created which account for one third to two thirds of the turnover of the private sector. It is estimated that SMEs contribute 56% of private sector employment and 36% of the Gross Domestic Product (GDP) worldwide (Adesoga, 2015).

Different countries identify small businesses by different rules, principles and standards. However, the expression small business enterprise is widely applicable to private trading, commercial or industrial enterprises characterized by small investments, assets, operations, output, sales, number of employees and scope. The term SME is used in the European Union and other international organizations to designate companies that have a limited, specified number of employees. In Nigeria, a micro-enterprise is defined as having no more than 10 employees; a small enterprise with 11-50 employees; and a medium enterprise with more than 50-100 employees, as indicated by the Small and Medium Enterprises Development Agency of Nigeria otherwise known as SMEDAN (2012).

As the emphasis on SMEs continue to grow leading to the proliferation in the number of small and medium scale firms, the quest of SMEs owners and managers all over the world to ensure the desired performance and sustained competitive edge of their firms in the market has led to the development of various market penetration strategies that can help SMEs achieve high market share and high rate of sales growth which are the key measures of firm performance. Market penetration strategies concentrate an organization's efforts toward the expansion of an existing market share in a current product market. Using these strategies, SMEs in the USA, United Kingdom and South Africa, for instance, rely heavily on product packaging and advertising to influence the customer's choice of brands and to create a brand name reputation for its product.

Penetration strategies aim at increasing the sale of present product in the present market and ensuring that the firm penetrates deeper into the market to capture a larger share of the market. A business enterprise cannot serve the entire market with a particular product or service as customer needs and wants are diverse. As such, Kotler and Armstrong (2013) stated that, it must first identify segments of a market that it can serve most effectively. A market segment consists of a large identifiable group within a market with similar wants, purchasing power, among other attributes. Product packaging which gives the firms products unique appearance is also employed as a way of attracting more customers to the firm. Furthermore, augmented promotion such as advertising is also used by SMEs to gain wider market share. Penetration strategy is known to be one of the main sources, if not the only source, of sustainable competitive advantage and firm's performance.

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According to Richard (2009), organizational performance covers three specific areas of firm outcomes, namely: Financial performance (profits, return on assets, return on investment); product performance (sales growth, market share etc) and shareholders return (total shareholders return, economic value added) etc. Previous research had used many variables to measure organizational performance. These variables include profitability, gross profit, return on asset (ROA), return on investment (ROI), return on equity (ROE), return on sales (ROS), market share, stock price, sales growth, liquidity, rate of growth, and expansion, standard and quality of services and operational efficiency (Snow & Hrebiniak, 1983).

In Benue State, SMEs are believed to play a critical role in the economic growth and development as the performance of the SME sector is closely associated with the performance of the State. However, for Iior (2016), 70% of SMEs in the State fail in their first three years of operations because of their economy of scale owing to the dynamic nature of the environment, which exposes SMEs in the State to greater competition from other firms. The failure is attributed to the firms' inability to formulate and implement appropriate penetration strategies that would facilitate the acquisition of reliable market share and increased sales growth.

The foregoing presupposes that achieving the desired performance by SMEs depends largely on the successful development and application of appropriate penetration strategies. It is against this background that this study seeks to determine the nexus between penetration strategies and the performance of SMEs. The study analyzes penetration strategies in the form of market segmentation, product packaging and sales promotion and how they relate to the performance of SMEs in Benue State.

PROBLEMATIZING THE PERFORMANCE OF SMES IN BENUE STATE

The perceived role of SMEs in the development of the economy has generated a significant number of studies from across the globe on the topic. Although many of these studies sought to establish the factors that determine the performance of SMEs but the objectives are however varied. For instance, Craft (2014) all sought to determine the effect of marketing strategies on performance of SMEs. Similarly, Babatunde and Adebisi (2012) investigated the impacts of strategic environmental scanning on organization performance in a competitive business environment while Dugguh, Aki and Oke (2018) studied the impact of growth strategies on SMEs performance. Literature on the effect of penetration strategies on the performance of SMEs to the best of my knowledge seems to be scanty.

It is also worthy to note that even the little empirical evidence available on the topic either focuses greatly on only one strategy (such as sales promotion and market segmentation). For instance, Adesoga (2015) in his study examined promotional strategy impacts on market share and profitability in Coca-Cola and 7up companies in Lagos State, Nigeria. The collective effect of penetration strategies on the success of SMEs is scanty in the literature identified.

The justification for the study lies in the fact that, out of the research studies carried out on the topic, some are based in other countries of the world while others are conducted in other states of Nigeria as can be seen from the works of Wainaina and Oloko (2015); Adesoga, (2015); Abdul (2015); among other studies. There is no evidence of such a study domiciled in Benue State. Even if the study had taken place in the study area, the realities in the area demands a repeat to establish the reality of the effect of penetration strategies on the performance of SMEs. Given the much-emphasized role of SMEs in the development of any economy, there is need to carry out a study that holistically examines the effect of penetration strategies on the performance of SMEs domiciled in Benue State. It should also be noted the number of SMEs in the study area has increased from 500 in 2007 to over 3,000 in 2019 (Benue Chamber of Commerce Industries Mines and Agriculture, 2019). With this sudden increase, there is the need to establish once again the true effect of penetration strategies on SMEs' performance in the State. In the light of the foregoing, this study examines the effect of penetration strategies on performance of small and medium scale enterprises in Benue State using the variables of market segmentation, product packaging and sales promotion as proxies for penetration strategies.

OBJECTIVES OF THE STUDY

The main objective of the study is to determine the effect penetration strategies on performance of small and medium scale enterprises in Benue state. The specific objectives for the study are to:

i. To find out the effect of market segmentation on performance of small and medium enterprises in Benue State.

ii. To ascertain the effect of product packaging on performance of small and medium enterprises in Benue State.

iii. To examine how sales promotion on performance of small and medium enterprises in Benue State.

CONCEPT OF MARKET PENETRATION

Market penetration strategies involve focusing on selling existing products or services into your existing markets to gain a higher market share. This can be achieved in four ways; maintaining or increasing the market share of current products, securing dominance of growth markets, restructuring a mature market by driving out competitors, or increasing usage by existing customers. The component that can be used to achieve or address the gaining of a higher market share is market segmentation. Chine (2021) also defined market penetration as a term developed to permit businesses to know what percentage of all possible sales that were represented by their actual sales. In common practice, one measures market penetration by measuring all real sales of that for the

same period made by one's own company. They stressed the importance of measuring market penetration because one's sales of a given good may go up, implying success, but actually not have increased as much as the total sales have increased. In this case one's share of the market has fallen and one's penetration has actually weakened.
Market penetration, also known as market share is a term that was developed to permit businesses to know what percentage of all possible sales was represented by their actual sales. In common practice, one measures market penetration by measuring all real sales of a given good for a given period and then comparing that total with the total of all sales of that specific good for the same period made by one's own company. It is important to measure market penetration because one's sales of a given good may go up, implying success, but actually not have increased as much as the total sales have increased (Gary, 2013). In this case one's share of the market has fallen and one's penetration has actually weakened. In the service sector, and especially in the non-profit service sector, market penetration is somewhat more complex to measure because the total market is often more than all of those who actually take advantage of the goods or services in a given period. The total market also includes those who could take advantage of the market.

DIMENSIONS OF MARKET PENETRATION STRATEGY

Market Segmentation: Chidi and Shadare (2012), considered segmentation as a dimension of penetration strategy and thus stated that by arranging their company's target market into segmented groups, rather than targeting each potential customer individually, marketers can be more efficient with their time, money, and other resources than if they were targeting consumers on an individual level. Grouping similar consumers together allows marketers to target specific audiences in a cost effective manner. Market segmentation also reduces the risk of an unsuccessful or ineffective marketing campaign. When marketers divide a market based on key characteristics and personalize their strategies based on that information, there is a much higher chance of success than if they were to create a generic campaign and try to implement it across all segments. Marketers also use segmentation to prioritize their target audiences. If segmentation shows that some consumers would be more likely to buy a product than others, marketers can better allocate their attention and resources. Market segmentation is the process of dividing a market of potential customers into groups, or segments, based on different characteristics. The segments created are composed of consumers who will respond similarly to marketing strategies and who share traits such as similar interests, needs, or locations. There are many reasons as to why market segmentation is done. One of the major reasons marketers segment market is because they can create a custom marketing mix for each segment and cater them accordingly.

Product packaging: Product packaging, branding, and quality have becomes itself a sales tool for most organizations. The consumer's buying behavior also stimulated by the packaging quality, color, wrapper, and other characteristics of packaging. Packaging is a whole package that becomes an ultimate selling proposition, which stimulates impulse buying behavior. Packaging increases sales and market share and reduces market and promotional costs. According to Thomas (2015) package appeals consumer's attentiveness towards a certain brand, increases its image, and stimulates consumer's perceptions about product. Furthermore, packaging conveys distinctive value to products (Kotler & Armstrong, 2013), packaging works as an instrument for differentiation, and helps consumers to decide the product from wide range of parallel products, packaging also stimulates customer's buying behavior (Hakkak & Ghodsi, 2015). **Sales Promotion:** Promotion is communicating with the public in an attempt to create awareness and persuade them toward buying products and/or services. The word promotion is also used specifically to refer to a particular activity that is intended to promote the business, product or service. Promotion means a method used for getting people to create awareness among people about products or services being offered by the company. Advertising, public relations, point-of-sale displays, and word-of-mouth promotion are all traditional ways for promotion. Promotion is the method for providing the link of information between the seller and prospects of the products or services (Ooga, Kuria & Byaruhanga, 2016). The choice of a promotional strategy would be dependent upon objectives, type of offers, budget, and availability of said promotional vehicle. The other concept used for promotion is called marketing communication. When any communication is given in the market with the help of any media is called marketing communication. The requirement of promotional activities in the market is increasing with increasing competition level. In past, the need for promotional efforts was not there at all. The demand for promotional efforts increased slowly and in present time without promotional efforts the business cannot be carried out effectively as per plans of the company.

Performance of Small and Medium Enterprises

Small and Medium Enterprises (SMEs) do not have a single definition and thus are defined in the context of every country. In the Nigeria context, SMEs have been defined in terms of asset base, annual turnover and number of employee (Gbolagade, Adesola & Oyewale, 2013). The Small and Medium industries Enterprises Investment Scheme (SMIEIS) defines SME as any enterprises with a maximum asset based of N200 million excluding land and working capital and with a number of staff employed not less than 10 or more than 300. As noted by Gbolagade, Adesola and Oyewale (2013), small scale business as one whose total asset in capital, equipment, plant and working capital are less than N250,000 and employing fewer than 50 full time workers. According to the

Central Bank of Nigeria (CBN, 2011), small-scale business is an enterprise whose annual turnover ranges between N25, 000-N50, 000. Cole (2016) defines SMEs as one who has a minimum of 5 employees with minimum capital outlay of not less than N5, 000.00. As noted above, research shows there is no unique definition of small to medium sized enterprises (SMEs). The definition of SMEs varies in different countries with different criteria used to classify them in order to serve each country's political and economic purposes. The most common factors adopted to define SMEs include number of employees, invested capital, turnover and industry type. Some definitions are based on more than one factor. For example, the European Union (EU) describes SMEs as companies with fewer than 250 employees and less than 40 million euro annual turnover (Silayoi, Malai, Rajatanavin & Speece, 2013).
In Nigeria, the definition of SMEs also varies from time to time and according to institutions. The Nigerian Government has used various definitions and criteria in identifying what is referred to as micro and small sized enterprises. At certain point in time, it used investment in machinery and equipment and working capital. At another time, the capital cost and turnover were used. However, the Federal Ministry of Industry (2012), under whose jurisdiction the micro and small sized enterprises are, has adopted a somewhat flexible definition especially as to the values of installed fixed cost. Amidst several definitions provided by the Government and its attendant agency, the National Council on Industry defined micro enterprises as an industry whose total project cost excluding cost of land but including working capital is not more than N500,000:00 (i.e. US$50,000). Small scale enterprises on the other hand is defined by the council as an industry whose total project cost excluding cost of land and including working capital does not exceed N5m (i.e. US$500,000). The definition by Cole (2016) was adopted for the study because of it is broad meaning and boundaries that accommodate SMEs from different sectors of the economy.
Organizational performance is a concept that is subject to open and wide variability of meanings as it is somewhat an imprecise word when it functions as a place holder in research. The lack of consensus on the definition of the concept creates confusion and clearly limits the potential for a clear generalisability and comparability of research in this area. To accurately assess how well a business is performing. McKinnon (2013) opines that one needs to develop some quantifiable measures by identifying those aspects of the business processes that need improvement and those that are working well. This can then be used to evaluate the company's productivity over a set period of time.
The business dictionary sees performance as the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed. Omotayo (2011) views it as the above-average rate of return sustained over a period of years. Firm performance could mean the success level of the firm in the market within which it operates. It could also be described as the ability of the firm in creating commendable profit. Yankelovich, (2014) sums it as a measure of how well a mechanism/process achieves its purpose. He adds that a firm's performance is an important dependent variable in business research. Thomas (2015) views the concept as the ability of an object to produce results on a dimension that has been determined beforehand in relation to a set standard or target and often relates to action and processes that lead to some outcome and the result of the action is also generally included in the examination. It is clear from the foregoing that performance can be conceptualized as a process or the manner by which the business owner or manager of SMEs executes their functions and crucial elements to improve the standard of their businesses. In enterprise management, McKinnon (2013) defines an organization's performance as "how well the organization is managed" and "the value the organization delivers for customers and other stakeholders. Performance also refers to the firm's success in the market, which may have different outcomes.
Firm performance is a focal phenomenon in business studies. It is also a complex and multidimensional phenomenon which can be characterized as the firm's ability to create acceptable outcomes and actions and which has been established to directly depend on efficient marketing practices (Mohammad, Mona & Morteza, 2012). Every serious business must ensure that its practices evolve to continue enhancing its performance. The performance of a firm can be viewed from several different perspectives, and various aspects can jointly be considered to define firm performance. Studies relating to both large firms and small and medium enterprises (SMEs) constantly emphasize a positive relationship between businesses practices, management activities and performance, as it is often articulated that best business practices produce superlative business performance (Mohammad, Mona & Morteza, 2012). This entails re-examining the operations of a number of practices and determining which of them are most successful.

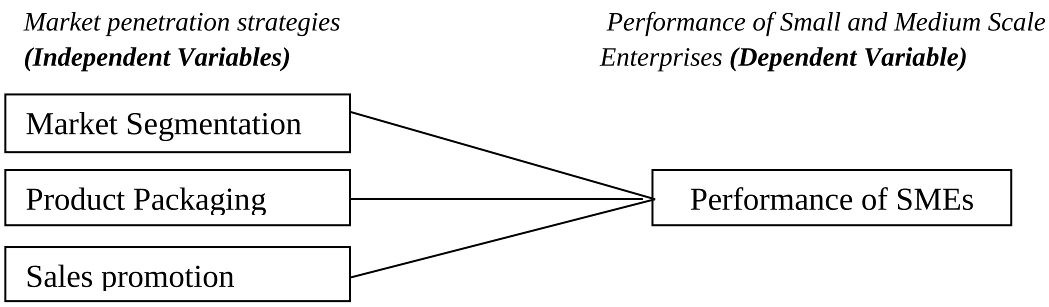
Dimensions of Performance of Small and Medium Enterprises

Market share: Market share means share of the actual sales (either in quantity sold or dollar volume) for a product in a given period and in a given geographical area. It is a percentage of a market (defined in terms of either units or revenue) accounted for by a specific entity. Hakkak and Ghodsi (2015), considers market share as "the percentage of a market (defined in terms of either units or revenue) accounted for by a specific entity. Adina (2011) have urged the scholars and practitioners to interpret market share as a measure of how well a company has been able to predict market dynamics and the needs of the targeted customers. It is important to point out that market share should be closely monitored for signs of change in the competitive landscape; this proxy frequently drives strategic or tactical actions, since it is measured relative to the competitors' "share of customer's wallet". However, in spite of numerous ways of defining market share and establishing this metric as a valid measure of marketing performance, the present state of the literature reveals some conceptual pitfalls that cannot be ignored and they pose potential threat to validity and operationalization of the market share concept. Namely, it remains somewhat unclear which market is the most relevant for the purpose of gauging company performance.

Sales growth: Sales growth refers to the amount a company derives from sales compared to a previous corresponding period of time in which the later sales exceed the former. It is usually given as a percentage. Sales growth is considered positive for a company's survival and profitability. It is an important measure of performance. Sales growth targets play a major role in the perceptions of business managers. Using surveys, Babatunde and Adebisi (2012) find sales is the most common objective mentioned by managers. Planning systems generally begin with sales targets. An emphasis on sales growth also provides a useful and visible benchmark to motivate managers. Asta and Zaneta (2010) argue that firms must use a wide variety of goals, including sales growth, to effectively reach their financial objectives.

Sales growth influences factors that range from internal motivation to promotion and retention of talented employees all the way to the implied opportunities for investments in new equipment and technologies that upgrade the production process as a whole. In addition, sales growth provides opportunities for economies of scale and learning curve benefits. For the study the SMEs performance used include: increase in employment, increase in volume of sales, expansion, quality service delivery, increase in networking, efficiency, effectiveness, cost reduction, achievement of set goals and assets growth.

CONCEPTUAL MODEL: MARKET PENETRATION STRATEGIES



Source: Researcher's compilation, 2024

THEORETICAL FRAMEWORK

The study adopts the resource-based theory. The main proponent of the theory is Barney (2011). The theory assumes that resources are diverse and immobile. According to Barney (2011), resource diversity refers to capabilities; while resource immobility implies that a resource is difficult to obtain by competitors because the supply is inelastic or costly. These two create a sustainable competitive advantage by providing a framework to determine whether a process or technology provides a real advantage over the marketplace. The main advantage of the resource-based theory is that it has indeed provided an avenue for organizations to plan and execute their organizational strategy via examining the position of their internal resources and capabilities towards achieving competitive advantage. The resource-based theory has been criticized for exhibiting circular reasoning in that one of its fundamental elements, namely, value, can only be assessed in terms of a particular context (Barney, 2011). Resources may lead to competitive advantage but this in turn defines relevant competitive structures, which in turn defines a valuable resource, and so on. However, a greater understanding of the dynamics of resource development is indeed vital in furthering the resource-based perspective on competitive advantage and doing away with the problem of circular reasoning.

The Resource Based view model recognizes the importance of a firm's internal and external organizational resources as determinants of the firm's strategy and performance. According to Daft (1983), firm resources include all assets, capabilities, organizational process, firm attributes, information, knowledge etc, controlled by a firm that enable the firm to lead, conceive of and implement strategies that improve and lead its efficiency and effectiveness. Internal resources on the other hand include all assets, capabilities, organizational process, firm attributes, information, knowledge that are controlled by a firm that enable it to envision and implement strategies to improve its efficiency and effectiveness while external resources includes plant, equipments, land, stocks, finance, relationships with and knowledge acquired through suppliers and customers and competitors.

The resource base theory generally throws more light on how SMEs in the same industry perform better than others. It lays emphasis on the internal resources of the SMEs in developing its marketing strategies to achieve a sustainable competitive advantage in its markets and industry. The theory holds that all resources of the SMEs are important to enable it generate a competitive advantage by making above average profits. This resources must be valuable, inimitable and non transferable. Chalita, Pratompong and Erik (2016) thus, revealed that, the resource based theory provides a winning strategy and not a general rule of logic as it emphasizes the importance of the use of strategies and resources in improving the firm's market share taking into consideration both internal and external factors or forces. Hence, resource-based theory is the anchor theory for the study.

METHODOLOGY

The study adopts the survey research design. The target population for the study consists of Three Thousand Seven Hundred and Forty (3740) SMEs in Benue State based on the report of BECCIMA (2021). The Taro Yamane's 1967 formula was used to obtain a sample for the study. The major instrument for data collection is a structured questionnaire, with a 4-point Likert scale type (see Appendix I). Both primary and secondary data were used for the study. The data for the study was coded and analyzed using computer-based Statistical Package for Social Sciences (SPSS version 20.0 for Microsoft Windows). Various statistical methods were used in analyzing this study: percentages, frequency and tables were used to examine the respondents' bio-data and other research objectives. Multiple regression analysis was used to assess the nature and degree of relationship between the dependent variable and a set of independent or predictor variables. However, standard error of the estimate will be used to test the three hypotheses for this study.

Decision rule: The following decision rules were adopted for accepting or rejecting hypotheses: *If the standard error of the estimate b is greater than half of* b_i, then we accept the null hypothesis, that is, we accept that the estimate b_i is not statistically significant at the 5% level of significance otherwise we reject the null hypothesis.

RESULTS

This section gives an analysis of data collected from the field. It also presents, interprets and discusses the findings as contained in the study. Questionnaire serve as the basis for statistical analysis in which data collected was analyzed using appropriate statistical tools. A total of three hundred and sixty one (361) copies of the questionnaires were administered on the sampled population, but only 350 were filled and returned. The analysis of the study is based on the 350 valid questionnaire responses.

Table 1: Descriptive Statistics and Correlation of Study Variables

S/N	Variable	M	SD	1	2	3	4
1	PRFMN	31.47	7.37	-			
2	MKTSG	15.76	3.63	.996**	-		
3	PRDPK	16.28	3.74	.985**	.975**	-	
4	SPROMT	16.37	3.20	.976**	.966**	.965**	-

Source: Researcher's Field Survey, 2024

The results in the Table 1 provide the descriptive statistics (mean and standard deviations) as well as the zero-order correlation between variables of the study, displaying the significant relationships that exist among them. The descriptive statistics and zero order correlation begins with the scores of the dependent variable, performance of SMEs (PRFMN). This is followed by the scores of predictor market penetration strategies variables, namely; market segmentation (MKTSG), product packaging (PRDPK), and sale promotion (SPROMT).

Results in Table 1 also shows that the overall scores for MKTSG positively correlated significantly with PRFMN scores ($r_{(350)}$ = 0.996; P < 0.001). This result shows that market segmentation approach adopted positively predict the performance of SMEs. That is, the more segmented is the market, the higher the level of performance of the SMEs and vice versa. Similarly, the scores of PRDPK ($r_{(350)}$ = 0.985; P < 0.001), and SPROMT($r_{(350)}$ = 0.976; P < 0.001) also positively and significantly correlated with PRFMN scores. Furthermore, all the predictor's scores positively correlated highly with those of performance of SMEs scores. These results show that all the studied market penetration strategies are good predictors of performance of SMEs.

Analysis of Data

A standard multiple regression was performed using the performance of small and medium enterprises (SMEs) as the criterion and three dimensions of market penetration strategies; market segmentation (MKTSG), product packaging (PRDPK), and sales promotion (SPROMT) as predictors. This means that the performance of Small and Medium Enterprises' (PRFMN) scores could be predicted as a function of market penetration strategies dimensions scores.

Table 2. Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.999[a]	.997	.997	.40017

a. Predictors: (Constant), Market Segmentation, Product Packaging, Sales Promotion

b. Dependent Variable: Performance of Small & Medium Enterprises

Source: Researcher's Computation, 2024

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The model in table 2 above reveals how much of the variance in the dependent variable (performance of small and medium enterprises) is explained by the model (which includes the variables of MKTSG, PRDPK, and SPROMT. The adjusted r-square value of .997 means that the model (which includes three predictors) explains 99.7 per cent of the variance in the performance of small and medium enterprises. In other words, less than 1 percent of the variation in the outcome variable is caused by chance.

Table 3: ANOVA Summary

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	18883.906	4	4720.977	29480.518	.000[b]
1	Residual	55.248	345	.160		
	Total	18939.154	350			

a. Dependent Variable: Performance of Small & Medium Enterprises

b. Predictors: (Constant), Market Segmentation, Product Packaging, Sales Promotion

Source: Researcher's Computation, 2024

To assess the statistical significance of the result, it is necessary to look in Table 3 above (**ANOVA Summary)**. This tests the null hypothesis that multiple regression (R) in the population equals 0. The model in this example reaches statistical significance (Sig. = .000; this really means $p<.0005$). The ANOVA analysis was found to be statistically significant $F(4,345) = 29480$, $p<0.0005$, indicating that all the market penetration strategies dimensions under this study jointly predicts the performance of small and medium enterprises in terms of market share and sales growth.

Table 4: Regression Coefficient Summary of the Three Market Penetration Strategies

Coefficients[a]

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
(Constant)	-2.019	.185		-10.928	.000
Market Segmentation	1.298	.030	.640	43.924	.000
Product Packaging	.483	.032	.245	15.116	.000
Sales Promotion	.374	.032	.163	11.848	.000

a. Dependent Variable: Performance of Small & Medium Enterprises

b. Predictors in the Model: (Constant), Market Segmentation, Product Packaging, Sales Promotion

Source: Researcher's Computation, 2024

Test of Hypothesis

The above multiple regressions Table 14 clearly illustrate the independent predictive capacity of the three market penetration strategies on the performance of small and medium enterprises, and provide answers to the research hypotheses.

HYPOTHESIS ONE

$H0_1$: There is no significant effect of market segmentation on performance of small and medium enterprises in Benue State.

Using the model specification in equation 4 and the decision rule specified in Chapter Three, we have:

$PRFMN = b_0 + b_1 0.640 + b_2 0.245 + b_3 0.163 + U_t$

S.E(b) [0.030] [0.032] [0.032]

From the regression equation above,

$b_1 = 0.640$

Standard Error (S.E) of $b_1 = 0.030$

$\frac{1}{2} b_1 = 0.320$

Using the standard error test, $S.E(b_1) < \frac{1}{2} b_1$, that is $0.030 < 0.320$. Thus, we reject the null hypothesis. That is, we accept that the estimate b_2 is statistically significant at the 5% level of significance. This implies that there is significant effect of market segmentation on performance of small and medium enterprises in Benue State.'

HYPOTHESIS TWO

$H0_2$: There is no significant effect of product packaging on performance of small and medium enterprises in Benue State.

Using the model specification in equation 4 and the decision rule specified in Chapter Three, we have:

$PRFMN = b_0 + b_1\, 0.640 + b_2\, 0.245 + b_3\, 0.163 + U_t$

S.E(b) [0.030] [0.032] [0.032]

From the regression equation above,

$b_1 = 0.245$

Standard Error (S.E) of $b_2 = 0.032$

$½\, b_2 = 0.123$

Using the standard error test, S.E(b_2) <½ b_2, that is 0.032< 0.123. This indicates that the estimate b_2 is statistically significant at the 5% level of significance meaning that there is significant effect of product packaging on performance of small and medium enterprises in Benue State. Thus the null hypothesis which states that there is no significant effect of product packaging on performance of small and medium enterprises in Benue State is rejected.

HYPOTHESIS THREE

$H0_3$: Sales promotion has no significant effect on performance of small and medium enterprises in Benue State.

Using the model specification in equation 4 and the decision rule specified in Chapter Three, we have:

$PRFMN = b_0 + b_1\, 0.640 + b_2\, 0.245 + b_3\, 0.163 + U_t$

S.E(b) [0.030] [0.032] [0.032]

From the regression equation above,

$b_3 = 0.163$;

Standard Error (S.E) of $b_3 = 0.032$; and

$½\, b_3 = 0.082$

Using the standard error test, S.E(b_3) <½ b_3, that is 0.032 < 0.082. This indicates that the estimate b_3 is statistically significant at the 5% level of significance meaning that there is significant effect of sales promotion on performance of small and medium enterprises in Benue State. Thus the null hypothesis which states that Sales promotion has no significant effect on performance of small and medium enterprises in Benue State is rejected.

MAJOR FINDINGS

i. There is significant and positive effect of market segmentation on performance of small and medium enterprises in Benue State. This is in line with the decision rule specified in chapter three as follows; that, using the standard error test , S.E (b_1) < ½ b_1, that is 0.030.It indicates that the estimate b_1 is statistically significant at the 5% level of significance, meaning that, there is significant effect of market segmentation on performance of small and medium enterprises in Benue state. Thus the null hypothesis which that, there is no significant effect of market segmentation on performance of small and medium scale in Benue state is rejected.

ii. There is significant and positive effect of product packaging on performance of small and medium enterprises in Benue State. This is in line with the decision rule specified in chapter three as follows; that, S.E (b_2) < ½ b_2, that is 0.032. This indicates that the estimate b_2 is statistically significant at the 5% level of significance meaning that there is significant effect of product packaging on performance of small and medium enterprises in Benue state. Thus the null hypothesis which states that there is no significant effect of product packaging on performance of small and medium enterprises in Benue state is rejected.

iii. Sales promotion has significant effect and positive on performance of small and medium enterprises in Benue State. This is in line with the decision rule specified in chapter three as follows; that, S.E (b_3) < ½ b_3, that is 0.082. This indicates that the estimate b_3 is statistically significant at the 5% level of significance meaning that there is significant effect of product packaging on performance of small and medium enterprises in Benue state. Thus the null hypothesis, which states that sales promotion has no significant effect on performance of small and medium enterprises in Benue state, is rejected.

CONCLUSION

Based on the findings, the study concluded that there is positive effect of market penetration strategies on the performance of SMEs in Benue State. Market segmentation, product packaging and sales promotion which are the various dimensions of market penetration strategies collectively increase the performance of SMEs in Benue State. Being conscious of the business environment enables SMEs create market segments and the synergic effect of the combined market segments brings about accelerated sales by SMEs leading to improved performance. Also, adopting attractive product packaging designs helps SMEs induce products appeal to customers which results in high demands and significantly improves performance in terms of cost management and time-effectiveness. Furthermore, the sustained growth of SMEs depends largely on acquiring more market share through sales promotion activities as this is linked to their financial performance and consequently affecting their overall performance. The studied market penetration strategies collectively brings about prudent management of business assets, significantly increases sales, ensures continuous introduction of new products and improvement of quality of service delivery, enhances the generation of new customers on a regular basis, and induces aggressive capturing of large percentage of market share.

RECOMMENDATIONS

Based on the findings, the study recommends that:

i. Owners/managers of SMEs should always be conscious of the business environment so as to be proactive in creating market segments that will always give them competitive advantage and enhance firm's performance.
ii. SMEs should ensure that their products are uniquely packaged with strong brand and clear identity as products that are in shape of unique designs not only generate the desire of customers for the products but also create an avenue for them to be developed.
iii. SMEs should strive to employ all possible forms of sales promotion in their operations as this is linked to more market share acquisition that leads to high financial performance and consequently affecting the overall performance of the SMEs.

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