



MARKETING INNOVATION AND THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES (SMEs) IN DEVELOPING ECONOMIES: A PERSPECTIVE OF SMEs IN THE RETAIL SECTOR IN NIGERIA

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Abstract

The growing reliance of small and medium enterprises (SMEs) in emerging and developing markets like Nigeria has warranted the need for researchers and business professionals to pay attention to means of enhancing SME performance. This study investigated marketing innovation and SME performance in an emerging market based on insights from selected SMEs in Lagos state. The methodology of the study was a survey method based on a quantitative research approach. A sample of four hundred (400) respondents made up of SME owners, managers and employees in the retail sector, was chosen using purposive and simple random sampling techniques. The primary data was collected via a closed-ended questionnaire and

analysed through descriptive and inferential statistical tools such as Pearson correlation analysis. The study results discovered a respective significant impact of product innovation (89.8%), pricing innovation (73.6%), promotion innovation (90.5%) and place innovation (92.2%) on SMEs performance. The study concluded that there is significant relationship between marketing innovation and SMEs performance in Lagos state in terms of place and promotion innovation used in communicating, reaching and accessing the target market through social media platforms, self-service platforms and online delivery processes. Based on the outcomes of this study, it was suggested that SMEs in Nigeria should focus on strategically adapting to the new dynamics and complexities of the business environment by adopting marketing innovations that are aligned with their business processes to yield desired performance.

Keywords: Marketing Innovation, Product, Price, Promotion, Place, SME Performance

INTRODUCTION

Since the advent of the global COVID-19 pandemic in 2019, contemporary business organisations all around the world have been operating in a highly challenging and competitive environment (Adefulu, Ashikia, Makinde & Alao, 2021). Most small and medium enterprises (SMEs) around the world have observed low-performance levels as a result of the ripple effect of the pandemic and the informal nature of their business as well as marketing operations, this is also observed in Nigerian SMEs, therefore, the need for strategic marketing and innovation has become imperative (Aladejebi, 2020). The performance of SMEs is impacted by the degree how well they can innovate products and services towards satisfying customers' needs for enhanced patronage leading to increased revenue and profit (Herr & Nettekoven, 2017; Umar, Siti & Noor, 2020)

Modern corporate organizations' ability to successfully partake in and compete in a competitive market has been linked to their ability to generate novel ideas and values that result in top-tier market performance. When confronted with intense market competition, a company's ability to become competitive depends on its capacity for innovation in business and marketing (Urbancová, 2013 as cited in Adefulu et al., 2021). This study examines the connection between marketing innovation and business performance in Nigeria's small and medium-sized enterprises (SMEs). According to Anwana and Affia (2018), the Nigerian economy is a developing one that significantly relies on manufacturing and production led by the contribution of SMEs to the gross domestic product. Similar to other established nations, the Nigerian economy relies significantly on small and medium-sized enterprises (SMEs). Nigeria's economy is dominated by small and medium-sized enterprises across all sectors, including agriculture,

construction, manufacturing, commerce and industry, services, and trade, illustrating the importance of SMEs in a growing economy (Dogara, 2015; Adekunle & Alokpa, 2018). Comparing Nigeria to other developing economies, SMEs contribute a considerably larger proportion of GDP than they do in Nigeria at present. This is due to issues such as inadequate financing, a poor legal and regulatory framework, a lack of basic and technical infrastructure, and a lack of assistance for small and medium-sized businesses. Muddaha, Kheng, and Sulaiman (2018) as well as Anthony and Olorunleke (2020) have argued that Nigerian SMEs proprietors and managers have to enhance their usage strategic marketing methods to improve their performance.

A poor marketing strategy and implementation is one of the most common challenges small and medium-sized businesses face. Muddaha et al. (2018) and Alshamayleh et al. (2002) report that the absence of an effective marketing plan, the inappropriate application of resources, and a lack of marketing innovation are among the weaknesses of small and medium enterprises worldwide.

The rate and speed at which things are changing and evolving in the contemporary business environment is an increasingly important issue that affects the performance of businesses whether large, medium or small. In an emerging market like Nigeria, small and medium enterprises (SMEs) are considered drivers of economic activities. However, due to the informal nature of SME operations and activities, they are vastly constrained by competitiveness from larger organisations. This has caused the need to find innovative ways of carrying out business operations such that they can attain desired performance and even compete with well-established organisations.

Modern businesses, according to Kotler and Armstrong (2016) and Lamb, Hair, and McDermott (2019), should actively pursue marketing innovations to remain relevant in the changing competitive environment. In other words, a marketing innovation strategy is crucial for increasing a business's productivity and, ultimately, its market performance (Lamb et al., 2019).

In light of the aforementioned, the purpose of this study was to determine the effect of the forms of marketing innovations most suitable for enhancing performance of small and medium-sized businesses in Nigeria.

Previous studies such as Muddaha et al (2018). Samada, Alghafisa and Al-Zuman (2018). Cross (2018), Anthony and Olorunleke (2020), Adefulu et al (2021), Alshamayleh et al., (2021), Blommerde (2022) have considered strategic marketing practices and innovation in relation to corporate performance, however, there seems to be limited evidence as regarding impact of various forms of marketing innovations such as product innovation, price innovation, promotion innovation and place innovation on the performance of SMEs in Nigeria. This study

attempts to bridge the gap in the literature by investigating marketing innovations and the performance of SMEs in Nigeria.

Research Hypotheses

In order to address the research questions of the study the following hypotheses were formulated:

- i. H0: There is no significant impact of product innovation on the performance of SMEs.
- ii. H0: Pricing innovation has no significant impact on the performance of SMEs.
- iii. H0: There is no significant impact of promotion innovation on the performance of SMEs.
- iv. H0: There is no significant impact of distribution channel innovation on the performance of SMEs.

LITERATURE REVIEW

Concept of Marketing and Marketing Innovation

In order to have a clear perspective on the conceptualization of marketing innovation, an analysis of the two keywords ("Marketing" and "Innovation") is needed. Dixon-Ogbechi (2019) citing AMA Publishing 2014, defines 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 in the opinion of Moore (1984) as cited in Lamb et al (2019) entails the process of finding out what customers want and then endeavouring to supply goods and services that meet such requirements and at a profit.

Innovation is described as successfully formulating and implementing new as well as novel ideologies, concepts and creation of value within an organisation, its shareholders and stakeholders (Janjić & Radjenovic, 2019). Innovation starts with an introduction of changes that could be novel or modification of existing processes focused on improving and enhancing ways in which an organisation presents products or services. This could be updating methods for running operations; also adopting and adapting new business models (Kazmi, 2018; Janjić & Radjenovic, 2019).

In essence, marketing innovation is a concept that relates to developing new ways of applying and using marketing elements to create value for customers (Ilić, Ostojić & Damnjanović, 2014). The importance of marketing innovation in contemporary organisations includes the transformation of existing business and marketing strategies to adapt to a changing environment, providing new products or services to meet areas of untapped market opportunities, integration of new technologies to marketing activities as well as the creation of new markets (Ilić, Ostojić & Damnjanović, 2014; Kazmi, 2018; Janjić & Radjenovic, 2019).

Marketing innovation is the set of integrated decisions and actions utilized by an organization in carrying out new marketing activities in terms of product, price, place and promotion (Adefulu et al., 2021). According to Kotler and Armstrong (2016), marketing innovation serves as a solution to challenges in marketing strategy relating to the capabilities of tapping into opportunities. These innovation opportunities can include providing products or services that are in short supply, providing products or services in a modified and superior manner, and providing entirely new products or services (Kotler & Armstrong, 2016; Lamb et al., 2019).

A marketing innovation strategy is essential for enhancing the efficiency of marketing mix components. According to Umar, Siti, and Noor (2020), marketing innovation is centred on building and developing the current models, processes, and business models to create new value for customers, effectively (promote) consumer information, undermine rivals, and create new advantages for all stakeholders.

Types of Marketing Innovation Strategies

Effective marketing management is enabled through innovation to create value based on the combination of elements that will provide a competitive advantage (Išoraitė, 2016). The following were identified as types of marketing innovation strategies by Gbolagade, Adesola, and Oyewale, (2013) as well as Umar et al (2020).

Product Innovation: According to Kotler and Armstrong (2016), a product is anything that may be presented to a market in hopes of attracting customers, selling goods, or providing a service. Therefore, a product's innovative qualities include its improved form, function, labelling, and scalability. Product innovation, as defined by Reguia (2014), involves the creation of new products via the modification of a current product's design, functionality, and components. Kanagal (2015) said that innovation is crucial for businesses because it triggers a domino effect of other transformational actions inside the company and its products and services offered to customers. As a result, innovations are developed to meet the demands of a technologically-influenced consumer base and business sector. It is essential to discuss product development in order to discuss product elements and product innovation. Product development, according to Ansoff (1987) as referenced in Mbithi, Muturi, & Rambo (2015), is a kind of product innovation that seeks to meet the requirements and desires of existing and new clients. Therefore, product development is when businesses that already have a market for their goods and services create new items for that market to take advantage of market possibilities. In order to generate value for a company, product innovation integrates existing resources and capabilities with innovation processes to create novel product offers for the market (Kanagal, 2015; Umar et al., 2020).

Pricing Innovation: According to Kotler & Armstrong (2016) and Dixon-Ogbechi (2019), price is the monetary cost that companies consider in consumers' perceptions of a product's worth. Some describe price as the sum of money paid for a good, while others define it as the real or estimated worth of a desirable good that is being exchanged. A crucial part of any pricing plan is determining how prices will affect a company's bottom line. As a result, the competitiveness of a business is heavily impacted by the prices they charge for their goods and services. Adefulu et al. (2021) noted that attracting clients from a variety of socioeconomic backgrounds requires a pricing strategy that is both flexible and imaginative. Pricing strategies may be broken down into the following categories: cost-based, competitive, and customer-value-based (Sammut-Bonnici & Channon, 2014; Nafuna et al., 2019).

Naruetharadhol, Ketkaew and Srisathan (2022) investigated innovative price-setting approaches to high-value products for agribusiness farmers in Netherlands, pointing out that valued-added pricing through online systems can be very effective. The authors defined innovation in pricing as a tactic to pricing strategies and organized pricing structures that are novel to the industry for the enhancement of consumer satisfaction and firm profitability. The innovative pricing system uses online pricing by market segmentation, special pricing known as freemium, and participative pricing (e.g., pay-what-you-want).

The use of digital pricing whereby consumers can select products and price match has been considered as price discounting system by Liu, Yang and Zhan (2020). In other words, the use of technology platforms to enhance pricing decisions for innovation strategy choices can be seen in industries such as airline, automobile as well as technology-based supply chain among manufacturers and common suppliers.

Promotion Innovation: The practice of communicating with current and future stakeholders, as well as the broader public, is known as marketing promotion (Lamb et al., 2019). Promotion innovation is evident in the use of social networking technologies to increase communication interaction with a target market was cited by Ili, Ostoji, and Damjanovi (2014). The innovative nature of the marketing sector has made it possible for businesses to maintain constant lines of communication with their customers. Lamb et al. (2019) noted that SEOs, websites, and digital and online platforms are all examples of online innovation promotional factors. Marketers may now reach their desired demographic both nationally and internationally due innovation advancements in promotional technology (Anthony & Olorunleke, 2020; Blommerde, 2022). Furthermore, Umar et al. (2020) cite a research by Bloch & Bhattacharya (2016) that found that the promotion innovation approach significantly increased the effectiveness of marketing communication and the creation of value. Essentially, the goals of promotion innovation are to

educate the target audience about the merits of a new product and to create a favourable public perception of the brand.

Place Innovation: Place element was described by Jones (2007) and Kotler and Armstrong (2016) as the ease with which a client may reach a product or service. Kotler and Armstrong (2016) expanded the definition of distribution to include the network of entities responsible for getting a product into consumers' hands. Distribution of goods via traditional wholesalers and retailers, as well as newer electronic and internet channels like self-service machines, is essential to the success of any place innovation plan. Constant communication between the service provider and the client after a product is purchased may also form the basis of the innovation of place strategy. Ayedun, Oloyede, Oluwunmi, and Oyedele, (2014), expressed that today's business activities are facilitated through technologically enable distribution channels that go a long way in making customers access products or services everywhere and anytime. This is referred to as the omnichannel where customers can experience products or services 24/7.

Concept of Organizational Performance

According to research by Gavrea, Ilieş, and Stegerea (2011), the performance of a country's organizations is a good barometer of economic growth. Continuous performance is the goal of any business since it is the key to success in an increasingly competitive market. Therefore, organizational performance is likely the most essential predictor of an organization's viability and longevity, making it a crucial variable in management research. Research has shown that this is the case (Gavrea, Ilieş, & Stegerea, 2011).

Measuring performance is a major challenge in the academic research environment. Because small company performance measurements are multi-dimensional, there is still debate among academics on how best to describe and quantify small firm performance (Gerba & Viswanadham, 2016). The success of a small company may be measured by how well it creates new employment and builds financially stable communities.

Academics also attempt to define business success by the extent to which a company's goals are met. There are several ways to define "small business performance," which is determined by how well a company meets its objectives. According to Gerba and Viswanadham (2016), a company's performance may be defined as its propensity to generate desirable results and behaviour. The success of a small business in the marketplace may be measured in a variety of ways such as extent of productivity, level of customer attraction and retention, revenue generation and profitability (Gerba & Viswanadham, 2016).

Marketing Innovations and Business Performance

Blommerde (2022) investigated the correlation between service innovation and productivity in SMEs. The research centred on the idea that innovations—that is, new or considerably better services—are crucial to the long-term success of SMEs. The results highlighted the significance of the connection between SIP and OP for service-based businesses. Partial Least Squares Structural Equation Modelling (PLS-SEM) and multigroup analysis were utilized to evaluate the assumptions in their research utilizing data from 802 Irish service MSMEs. The result shed light on how business size, firm age, and customer profile affect the SIP-OP connection for MSMEs.

Adefulu et al. (2021) looked examined the data from Nigeria to determine the connection between strategic marketing, innovation culture, and competitive advantage at a subset of petroleum products marketing firms. The study used a cross-sectional survey research approach to collect data from a representative sample of the population consisting of 1568 managers at the sampled businesses. Multiple regression analysis was used to examine the gathered data. Strategic marketing was shown to have a favourable and statistically significant impact on the innovation culture and competitive advantage. Strategic marketing should be used by the management of petroleum product marketing organizations with the goals of creating an innovation culture and gaining a competitive edge, according to the research.

In comparison, the impact of marketing competencies on the innovation performance of SMEs in Jordan was studied by Alshamayleh et al. (2021). As a result of the study's mixed findings and the literature's lack of agreement, further investigation into the topic of marketing capacities is needed. Primary data was acquired through an online questionnaire sent out to a random sample of 385 people and analyzed using SPSS version 23. The research showed that marketing competence significantly affects innovation outcomes. The results demonstrated that the marketing capacity is a critical component impacting the innovative performance of SMEs.

The impact of marketing creativity on the success of Nigerian SMEs was investigated by Umar et al. (2020). This study used a sample of 203 SMEs in the furniture industry to examine the correlation between product innovation, price, marketing, and distribution tactics, and SMEs' productivity. Multiple regressions were used to analyze the data. Results showed that innovative marketing techniques had a beneficial effect on the productivity of small and medium-sized businesses. It was determined that many businesses benefited from marketing innovation, thus small and medium-sized enterprises (SMEs) should work to include it into their practices.

The connection between pricing tactics and earnings was studied by Nafuna et al. (2019). The research set out to look at how different pricing methods affected the financial success of Uganda's private primary schools, with a focus on how competitive advantage

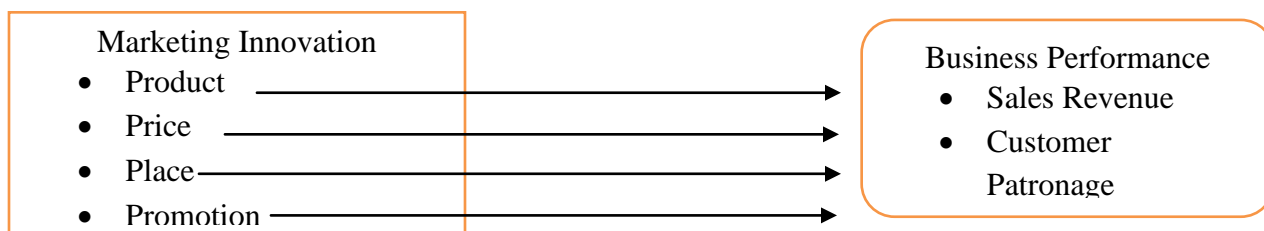
played a role. Using simple random selection, a total of 123 private elementary schools were selected as study participants for this quantitative cross-sectional study. Profitability was highlighted more than liquidity in the study's findings, suggesting a favourable association between pricing tactics and financial success.

Product innovation and the efficiency of Ghanaian SMEs were studied by Osei et al. (2016). Previous research from the world's most developed nations has shown that in today's globalized and competitive market, organizations that place a premium on innovation not only gain competitiveness, but also maintain it over the long term, resulting in improved performance. The results of the research revealed a connection between product innovation and the success and expansion of SMEs in Ghana. Using data at the company level and a structural equation model, it was adequately classified that innovations in goods and services were key drivers for revenue growth as key performance indicators. The data showed a favorable correlation between the three factors of marketing innovation in terms of the product, the process and aftersales services which all influence company's sales growth.

Framework of the Study

In light of the concepts discussed above the model of this study is developed using the previous studies of Umar et al (2020) and Blommerde (2022) describing marketing innovation-based marketing mix elements (product, price, promotion and place) contributing to organisational performance from the perspective of SMEs. This is shown in the image below:

Figure 1: Conceptual Framework



Source: Researchers Construct (2023) adapted from Umar et al (2020).

METHODOLOGY

The study follows quantitative research method using a survey research strategy. The deductive approach was considered in terms of testing and validating the Technology task fit theory. Goodhue and Thompson's (1995) technology-task fit (TTF) theory explains how well a given piece of technology will be used to complete a given set of tasks and how well its users will perform under those conditions. Technology adoption, as defined by Rai and Selnes (2019),

is based on how well tools meet users' needs in terms of both time and effort. According to the task-technology fit theory put forward by Anderson, Nardelli, and Ipsen (2021), in order for users to attain optimal performance and results, the functionality of the technology and the task it tries to assist must be a good fit. The theory is useful for understanding how new digital technologies and procedures are being integrated into marketing operations (Anderson, Nardelli, & Ipsen, 2021).

The demography for this research was obtained from the SMEDAN survey of 2020, which included 21,043,118 adequately registered SMEs in the Nigerian state of Lagos. However, a sample was employed in this research due to the size of the study population. In order to ascertain the sample size of this study, the Yamane (1967) formula was used to arrive at the appropriate sample size of 400 respondents. In essence, SMEs owners and workers in the retailing industry from each of the major market areas in Lagos state were chosen for this research using multistage selection approaches made up of purposive and simple random sampling procedures, which are considered advantageous for a ease, accessibility and representation (Saunders et al., 2014)

The data collected in this research was primary data from SME owners and staff in the retail sector in Nigeria, regarding their marketing innovations and how it affects their performance through a structured and systematic questionnaire. The five-point Likert scale was adopted for this study as it was considered suitable by previous studies of similar nature by Umar et al (2020) Alshamayleh et al. (2021) in comparison to the three- or seven-point Likert scale type because it allowed respondents to have clear and precise opinions on the study variables detailed in the questionnaire, which made data analysis to be better structured.

Descriptive statistics (like frequency distribution, basic percentages, means and standard deviations) were performed on the data using Statistical packages for the social sciences (SPSS) version 20.0. The formulated hypotheses were verified by means of a correlation analysis.

ANALYSIS AND FINDINGS

In a developing economy and market like Nigeria, this research focused on at how marketing innovation impacts SMEs operational results. Four hundred (400) business owners and workers from various SMEs in the retail sector in Lagos state responded to the questionnaire based survey. 370 questionnaires were returned with full responses, rest having missing values. The suitability criteria was based on those questionnaire responses from only SME owners, managers and employees that were adequately completed and found fit for statistical examination and analysis of the study variables.

Data Analysis Relating to Demographic Data of Participants

Table 1: Frequency Distribution of Demography of the Respondents

		Frequency	Percentage (%)
Respondent's Gender	Female	180	48.6
	Male	190	51.4
	Total	370	100.0
Respondent's age	21 – 30 years	110	29.7
	31 - 40 years	54	14.6
	41 - 50 years	190	51.4
	Above 51 years	16	4.3
	Total	370	100.0
Respondents Educational Qualification	WASC/GCE	100	27.0
	B.Sc. / BA/ HND	204	55.1
	M.Sc. / MA/MBA	66	18.7
	Ph.D	0	0.0
	Others	0	0.0
	Total	370	100.0
Number of years of operating and working in an SME	Less than 1 year	41	11.1
	1-5 years	70	18.9
	6-10 years	54	14.6
	11 – 15 years	98	26.5
	16 – 20 years	107	28.9
	Total	370	100.0
Respondent's monthly income level	Below N5,000,000	18	4.9
	N5,000,001 to N10,000,000	213	57.6
	Above N10,000, 001	85	23.0
	Total	370	100.0
Ownership Structure.	Family	71	19.2
	Partnership	50	13.5
	Sole	205	55.4
	Private liability	34	9.2
	NGO	10	2.7
	Total	370	100.0

Table 1 reveals that 51.4% of respondents are men and 48.6% of respondents are women. This study suggests that the majority of responses are men. According to Table 1, 29.7% of respondents are between the ages of 21 and 30, 14.6% are between the ages of 31 and 40, 51.4% are between the ages of 41 and 50, and 4.3% are beyond the age of 51. This research suggests that the majority of respondents are employed full-time, with the age range of 41 to 50 years being the median age.

Table 1 further revealed that 27.0% of respondents have completed the WASC or GCE, 55.1% have a BA, B.Sc., or HND, 18.7% have an MBA, 0.0% have a PhD, and 0.0% fall into any other category. This demonstrates that the majority of respondents are knowledgeable and well-educated enough inside the SMEs to understand the significance and implications of the research.

The number of years the respondents owned and worked in an SME was displayed in Table 1. Of the respondents, 11.1% owned and worked in an SME for less than a year, 18.9% owned and worked in an SME for one to five years, 14.6% owned and worked in an SME for six to ten years, 26.5% owned and worked in an SME for eleven to fifteen years, and 28.9% owned and worked in an SME for sixteen to twenty years. This demonstrated that the majority of respondents owned their businesses and were employed by SMEs with 16 to 20 years of relevant experience.

Furthermore, Table 1 revealed the respondents' monthly income level in SME operations, 4.9% of respondents earn below N5,000,000 monthly in SME operations, 57.6% of respondents earn between N5,000,001 to N10,000,000 monthly in SME operations, and 23.0% of respondents earn above N10,000,001 monthly in SME operations. This indicated that the majority of the respondents earn between N5million and N49million monthly in SME operations.

Finally, Table 1 revealed the ownership structure of the SMEs, 19.2% of respondents have SMEs with family ownership structure, 13.5% of respondents have SMEs with partnership ownership structure, 55.4% of respondents have SMEs with sole proprietorship ownership structure, 9.2% of respondents have SMEs with private liability ownership structure and 2.7% of respondents have SMEs with non-government organisation (NGO) ownership structure. Hence the majority of the respondents involved in this study are from SMEs with a sole proprietorship ownership.

Analysis of Main Research Variables

The table 2 below presents the descriptive statistics (average mean and standard deviation) of the main research variables.

Table 2: Overall Average Mean and Standard Deviations of Marketing Innovation Elements

Variables	Overall Average Mean	Overall Average Standard deviation
Product Innovation	4.67	0.17
Pricing Innovation	4.73	0.19
Promotion Innovation	4.82	0.19
Product Innovation	4.84	0.19

Test of Hypotheses

Research Hypothesis One

H0: There is no significant impact of product innovation on performance of SMEs.

Table 3: Pearson Correlation Analysis

		Product Innovation	SMEs performance
Product Innovation	Pearson Correlation	1	0.898
	Sig. (2-tailed)		0.03
	N	370	370
SMEs performance	Pearson Correlation	0.898	1
	Sig. (2-tailed)	0.03	
	N	370	370

The first hypothesis in this study was tested by means of the Pearson Correlation analysis. The result as made known in the table above designates that there is a strong positive impact of 0.898 of product innovation on SMEs performance. The p-value calculated is less than level of significance (0.03: $p < 0.05$), representing that rejection of null hypothesis one and acceptance of the alternative hypothesis one.

Research Hypothesis Two

H0: Pricing innovation has no significant impact on performance of SMEs.

Table 4: Pearson Correlation Analysis

		Pricing innovation	SME performance
Pricing innovation	Pearson Correlation	1	0.736
	Sig. (2-tailed)		0.01
	N	370	370
SME performance	Pearson Correlation	0.736	1
	Sig. (2-tailed)	0.01	
	N	370	370

The second hypothesis in this study was tested by means of the Pearson Correlation analysis. The result as made known in the table above designates that there is a strong positive impact of 0.736 of pricing innovation on SMEs performance. The p-value calculated is less than level of significance (0.01: $p < 0.05$), hence giving the implication of rejection of null hypothesis two and acceptance of the alternative hypothesis two.

Research Hypothesis Three

H0: There is no significant impact of promotion innovation on performance of SMEs.

Table 5: Pearson Correlation Analysis

		Promotion Innovation	SME Performance
Promotion innovation	Pearson Correlation	1	0.905
	Sig. (2-tailed)		0.02
	N	370	370
SME performance	Pearson Correlation	0.905	1
	Sig. (2-tailed)	0.02	
	N	370	370

The third hypothesis in this study was tested by means of the Pearson Correlation analysis. The result as made known in the table above specifies that there is a strong positive impact of 0.905 of promotion innovation on SMEs performance. The p-value calculated is less than level of significance (0.02: $p < 0.05$), hence giving the inference of rejection of null hypothesis three and acceptance of the alternative hypothesis three.

Research Hypothesis Four

H0: There is no significant impact of distribution channel innovation on performance of SMEs.

Table 6: Pearson Correlation Analysis

		Place innovation	SMEs performance
Place innovation	Pearson Correlation	1	0.922
	Sig. (2-tailed)		0.01
	N	370	370
SMEs performance	Pearson Correlation	0.922	1
	Sig. (2-tailed)	0.03	
	N	370	370

The fourth and final hypothesis in this study was tested by means of the Pearson Correlation analysis. The result as made known in the table above designates that there is a strong positive impact of 0.922 of place innovation on SMEs performance. The p-value calculated is less than level of significance (0.01: $p < 0.05$), hence giving the implication of rejection of null hypothesis four and acceptance of the alternative hypothesis four

DISCUSSION OF FINDINGS

This study investigated the relationship between marketing innovation and the performance of SMEs. As a result of the data analysis and test of hypotheses, several findings were arrived at, that agreed and were in line with previous recent empirical literature on marketing innovation and organizational performance (Umar et al., 2020; Adefulu et al., 2021; Alshamayleh et al., 2021).

Firstly, the findings indicated the significant impact of product innovations on SME operations with respect to new quality, features and enhancements of goods and services. The majority of the respondents stated that their goods and services have been improved to offer superior value through innovations that are related to durability, speed and reliability. The findings were in line with the previous works of Adefulu et al (2021) giving empirical evidence regarding as the role of marketing in a strategic manner that is enabled through innovation has played in enhancing the performance of organizations, especially SMEs. This was also in agreement with Alshamayleh et al (2021) in a study in Jordarn based on marketing capabilities on the innovation performance of SMEs in terms of making products that care about new dynamics and evolving in their delivery.

Furthermore, the findings indicated that pricing innovation has a significant impact on SME performance. The majority of the respondents identified that SMEs use various pricing models to engage customers as a means of innovating their pricing decisions. In essence, through the use of value-based pricing, online retail pricing and electronic ticketing, SMEs have increased the number of customers that are normally attended to leading to increased revenue generation. The findings were in agreement with the studies of Anthony and Olorunleke (2020) as well as Liu et al (2020) based on the assertion that pricing had a positive effect on the revenue of business organizations. The findings however disagreed with the study of Umar et al (2020) and because pricing was identified as the least in marketing innovation for SMEs, this is because the price is attached to other elements and cannot contain innovation on its own.

The findings indicated the significant impact of promotion innovation on SME performance. The majority of the respondents explained that social media and online platforms have made waves for marketing communication innovations whereby goods and services can

be promoted all around the world 24/7. Promotion innovations were found to be useful to SMEs as a cost-effective means of creating awareness, interest, desire and purchase action. Through promotion innovation customer engagement and relationship building can be achieved as social media networking sites are used for interacting with customers. The findings were in agreement with the studies of Amini et al (2012), Cross (2018) and Janjić and Radjenovic (2019) based on the assertion that technology innovation in promotion has positive effect business organizations market reach.

Finally, the study findings indicated that there is significant impact of place innovation on SMEs performance. The majority of the respondents indicated that the distribution channel has the most innovation for SMEs in terms on online delivery services, self-service platforms and use of electronic systems. Since the advent of COVID -19 pandemic distribution innovation as increased as many SMEs have embraced online delivery processes for goods and services as a results of lockdown and social distancing regulations. The findings were further in line with previous studies of Zawawi et al (2016) Aladejebi (2020), and Blommerde (2022) explaining that innovation in the way organisations make offerings available at the right time and place for customers. Place innovation facilitates speed and accessibility of goods and services, it enhances revenue generation for organisations and purchase action for customers.

CONCLUSION

This study concludes that there is a significant relationship between marketing innovation and performance of SMEs in Nigeria. The conclusion of this study based on the research objectives and questions includes that product innovation, pricing innovation, and promotion innovation have combined impact on business models and operations of SMEs in Lagos state.

The study culminated on the fact that place innovation has the utmost impact performance on SMEs in terms of reaching and accessing their target market through self-service platforms and online delivery processes. Also, most, SMEs were found to innovate their marketing communication via social media networking sites to interact, engage and relate with customers and promote goods and services.

The product innovation was also observed to enhance the performance of SMEs, especially in the area of product enhancements for superior value through quality, durability, speed and reliability. The study concluded that pricing innovation is the least impactful because price in itself is tied to other elements and its innovation is more of a cost implication to customers than a revenue driver for organisations.

Overall, this study concludes that marketing innovation has increased among SMEs since the challenges arising COVID-19 pandemic of 2020 in terms of travel restrictions, lockdowns, social distancing and other related issues, both in Nigeria and all around the world, thereby creating innovations, business processes adapting to the new normal.

IMPLICATIONS OF THE STUDY

This study has implications to theory in terms of linking the task-technology fit theory to how marketing innovations can align with organisational strategy to produce desired performance. This study provides insight on the prevalent need for innovation in marketing to address the changing business environment requirements. The findings from this study provided information on marketing innovation along the lines of the 4Ps of marketing. Furthermore, the findings from this study created insights for SME owners and managers on how marketing innovations can be formulated and implemented for enhanced business performance. Finally, the findings from this study present significance to students, researchers and scholars as a source of additional material for future research into marketing innovation and the performance of SMEs. It is therefore recommended that;

- i. Business leaders, managers and marketers of SMEs in the retail sector in Nigeria should focus on strategically adapting to the new dynamics and complexities of the business environment by applying marketing innovations that are aligned with business processes.
- ii. It is recommended for increased training and development of SME employees to be aware of marketing innovations and how to harness technology to drive such innovations.
- iii. Organizations and management are recommended to periodically carry out employee and customer surveys to be up to date with the ever-changing innovations and trends in order to align strategies to meet evolving business environment.
- iv. Lastly, it is recommended that government and key policy stakeholders work on improving infrastructure for SMEs in the retail sector in Nigeria, also providing support for SMEs in the retail sector in Nigeria to become more effective in marketing innovation.

LIMITATIONS AND FURTHER RESEARCH

This study centred on the marketing innovation and performance of SMEs in the retail sector in developing economies such as Nigeria, the study was limited to owners and employees of SMEs in selected areas of Lagos State. As such further studies can be done in other selected areas in Lagos State.

Also, the study was constructed through the use of quantitative research procedures based on a survey research strategy, as such, it can be suggested that future studies employ qualitative research through the means of focus groups, interviews and observations, as well as mixed research procedures to give a more holistic representation of marketing innovation and organisational performance.

Finally, the study was carried out with specific attention on SMEs in the retail sector in Lagos state, thus future studies can be done on other large enterprises and organizations or sectors like Telecommunications, Banking and Manufacturing.

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