

INNOVATIVE MARKETING AND SALES PERFORMANCE OF SMEs IN ENUGU STATE, NIGERIA

Dr. Onah James Ikechukwu & Dr. Eke Cyril Chijioke

Department of Marketing, Faculty of Business Studies
Institute of Management and Technology, Enugu Nigeria

ABSTRACT

This study examined the effect of Innovative Marketing on the Sales Performance of Small and Medium Enterprises in Enugu State, Nigeria. Despite contributing nearly 50% to Nigeria's GDP, many SMEs in Enugu State face stiff competition leading to stagnant sales. The study focused on four dimensions of innovative marketing: product, promotional, pricing, and distribution innovation. Anchored on Resource-Based View and Diffusion of Innovation Theory, the study adopted a cross-sectional survey design. Data were collected from 384 owners and managers of registered SMEs in Enugu Metropolis using a structured questionnaire. Multiple regression analysis was used to test the hypotheses. Findings revealed that innovative marketing has a significant positive effect on sales performance, explaining 54.9% of the variation. Promotional innovation was the strongest predictor, followed by product innovation, distribution innovation, and pricing innovation. The results suggest that SMEs that adopt new marketing methods are better positioned to attract customers, increase sales, and compete effectively. The study recommends that SMEs should invest in digital promotion, improve product offerings, adopt flexible payment options, and use innovative distribution channels. Government agencies should also provide training and incentives to support marketing innovation. This study contributes empirical evidence from an African context and provides a practical framework for SMEs seeking to improve performance through marketing innovation.

Keywords: Innovative Marketing, Sales Performance, SMEs, Enugu State, Nigeria

INTRODUCTION

Small and Medium Enterprises (SMEs) are widely recognized as the engine of economic growth in developing economies in the world. In Nigeria, SMEs account for 96.7% of all businesses, contribute 49.7% to GDP and employ over 60 million people (SMEDAN & NBS, 2021). In South East Nigeria, and particularly Enugu State, SMEs dominate trading, manufacturing, and service sectors.

Despite their importance, the performance of SMEs in Enugu State remains below potential. Many firms experience stagnant sales, low customer retention, and inability to compete with

larger firms and imported products (Enugu State SME Agency, 2023). While external factors such as poor infrastructure, multiple taxation, and limited access to finance are often cited, internal strategic capabilities such as innovative marketing also determine firm's performance outcomes.

Innovative marketing is the implementation of new marketing methods involving significant changes in product design or packaging, product placement, product promotion, or pricing [OECD, 2018]. In today's digital and competitive environment, SMEs that innovate in how they market their products are more likely to attract customers, increase sales, and survive (Hervas-Oliver et al., 2021).

However, empirical evidence on innovative marketing among SMEs in Nigeria, and specifically Enugu State, is scarce. Most studies focus on technological innovation or are conducted in Europe and Asia. This creates a gap in understanding how specific innovative marketing practices affect sales performance in a resource-constrained African context. (Duffett, 2017)

This study therefore examines the effect of innovative marketing on sales performance of SMEs in Enugu State.

Statement of the Problem

SMEs in Enugu State face intense competition and declining sales growth. The Enugu State SME Agency reported that over 65% of registered SMEs recorded flat or declining revenue between 2020 and 2023 (Enugu State SME Agency, 2023). While literature has emphasized finance and policy support (Hervas-Oliver et al., 2021), less attention has been paid to innovative marketing as a driver of sales performance.

Empirical studies have shown that few studies have been carried out to test the effect of specific dimensions of innovative marketing — product, promotion, price, and distribution — on sales performance in Nigeria. Also, Enugu State has unique market characteristics including strong reliance on e-commerce, open markets, and price-sensitive consumers; however, the extent innovative marketing works in this context is not well understood. Hence, this study seeks to fill these gaps by ascertaining the effect of innovative marketing on sales performance of SMEs in Enugu State, Nigeria.

Objectives of the Study

The broad objective of this study is to examine the effect of innovative marketing on sales performance of SMEs in Enugu State, Nigeria. The specific objectives include to:

1. Assess the effect of product innovation on sales performance of small and medium enterprises in Enugu State.
2. Examine the effect of promotional innovation on sales performance of small and medium enterprises in Enugu State.
3. Determine the effect of pricing innovation on sales performance of small and medium enterprises in Enugu State.
4. Evaluate the effect of distribution innovation on sales performance of small and medium enterprises in Enugu State.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

The Concept of Innovative Marketing

Innovative marketing refers to the implementation of new marketing methods involving significant changes in product design, promotion, pricing, or distribution (OECD). It goes beyond product changes to include new channels, pricing models, and customer engagement tactics. For Nigerian firms, innovative marketing includes AI-driven ads, WhatsApp commerce, and BNPL pricing (NBS). It aims to better satisfy customer needs and open new markets.(2023)

The Concept of Sales Performance

Sales performance measures a firm's effectiveness in achieving sales objectives, including sales volume, revenue growth, market share, and profitability (Kotler & Keller, 2022). In 2024, Nigerian firms track both financial metrics and customer-based metrics like conversion rate and customer retention (CBN). High sales performance indicates successful market penetration and efficient resource use(2024).

Innovative Marketing and Sales Performance

Innovative marketing positively influences sales performance by creating differentiation and customer value (Chukwu & Okoye, 2024). Firms that adopt digital marketing, new pricing, and

distribution channels record 18-24% higher revenue growth (McKinsey, 2023). In Enugu's solar and FMCG sectors, innovative marketing increases brand awareness and purchase intention, directly boosting sales volume (Nwatu et al., 2022).

Product Innovation and Sales Performance

Product innovation involves new or improved goods that meet evolving customer needs (OECD, 2023). New product features drive trial and adoption, increasing sales. In Nigeria, solar firms launching lithium-battery products with smart monitoring saw 31% sales growth in the first year (Clean Technology Hub, 2023). Product innovation enhances competitive advantage and customer loyalty. In line with this review, it is hypothesized that:

HO₁: Product Innovation has no significant effect on sales performance of small and medium enterprises in Enugu State

Promotional Innovation and Sales Performance

Promotional innovation uses new media, content, and engagement tactics like TikTok, WhatsApp broadcasts, and influencer marketing (Okafor et al., 2023). It increases reach and conversion. Nigerian SMEs using AI-personalized ads reported 27% higher lead-to-sale conversion in 2023. Creative promotion builds awareness and accelerates sales cycles (Enugu SME Agency, 2023). Based on the review, it is hypothesized that:

H₂: Promotional Innovation has no significant effect on sales performance of small and medium enterprises in Enugu State

Pricing Innovation and Sales Performance

Pricing innovation includes dynamic pricing, subscription models, and BNPL options (Naghi & Holden, 2022). It improves affordability and captures price-sensitive segments. In Nigeria, BNPL and micro-installment pricing for solar products increased sales volume by 43% in 2023 (CBN, 2023). Flexible pricing enhances accessibility and profitability. Following the above review, it is hypothesized that:

HO₃: Pricing Innovation has no significant effect on sales performance of small and medium enterprises in Enugu State

Distribution Innovation and Sales Performance

Distribution innovation involves new channels like e-commerce, agency banking, and direct-to-consumer models (Kotler & Keller, 2022). It reduces overall cost and improves customer

reach. Nigerian firms using WhatsApp and other digital technologies in dispatch logistics in Enugu markets increased sales by 35% in 2022 (Enugu SME Agency, 2023). Wider, faster distribution directly improves sales performance. Based on the review, it is hypothesized that:

HO₄: Distribution Innovation has no significant effect on sales performance of small and medium enterprises in Enugu State

Conceptual Framework

Borrowing insights from similar studies on extant literature ((Chu & Choi, 2000; Kivuva, Kihima, & Nzioka, 2014;), below is the researcher's conceptualized framework of the effect of digital marketing strategies on marketing performance of small scale enterprises in Enugu State. In this study and as shown in the schema below, the digital marketing strategies are the independent variables with the following tools understudy- social media marketing, mobile marketing, e-mail marketing, content marketing and search engine marketing while marketing performance is the dependent variable.

INDEPENDENT VARIABLE

DEPENDENT VARIABLE

Innovative Marketing Sales Performance

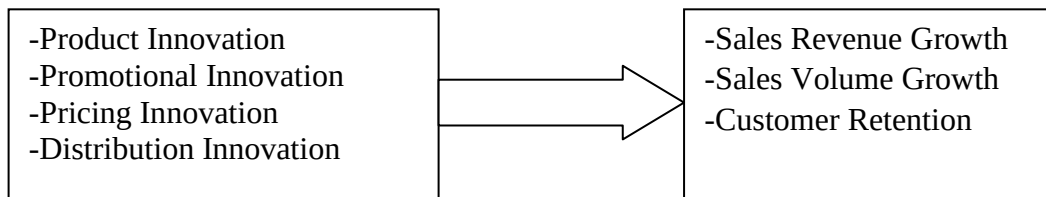


Fig 1: Researchers Conceptualized Framework/Schema

Theoretical Foundation

Resource-Based View & Diffusion of Innovation Theory

The Resource-Based View (RBV) posits that firm-specific resources like innovative marketing capabilities create competitive advantage and superior performance. RBV argues that firms gain competitive advantage from resources that are valuable, rare, inimitable, and non-substitutable. Innovative marketing qualifies as a strategic resource because it is knowledge-based and difficult to copy (Barney, 2022).

Diffusion of Innovation Theory (DOI) explains how new ideas, such as innovative marketing strategies are adopted over time and influence performance (Rogers, 2023). Rogers posited that

adoption of innovations leads to superior performance and firms that adopt new marketing practices faster gain first-mover advantages.

Together, RBV explains why firms innovate, while DOI explains how innovations spread to customers and impact sales. In Nigeria's dynamic market, firms leveraging unique marketing resources diffuse innovations faster, leading to improved market outcomes (Chukwu & Okoye, 2024).

Methodology

The study adopted a cross sectional survey research design. This was utilized due to the need to collect quantitative data from many respondents at one point in time to test relationships (Creswell & Creswell, 2018). The study population consists of all registered SMEs with 10 - 199 employees in Enugu state. According to SMEDAM, (2025) there are 45, 812 registered SMEs in Enugu State. A sample size of 384 owners/ managers/staff was determined using Taro Yamane's formular and purposive sampling was used for their selection. The instrument for data collection was a structured questionnaire. All the items were adequately assessed on a five-point balanced likert scale which ranges from strongly agree represented by 5, to strongly disagree represented by 1. For instrument validation, content validity was utilized wherein selected respondents were asked about the arrangement and content of the questionnaire to eliminate any doubt or misunderstandings. The questionnaire was subsequently revised slightly. Furthermore, expert opinions from a few research experts were gathered, and discriminant analysis was conducted using correlation to verify construct validity. Reliability was confirmed by assessing the internal consistency of the items representing each construct, using Cronbach alpha index. All items yielded reliable scores, exceeding the recommended and acceptable minimum coefficient value of 0.7 (Malhotra, 2004). Data analysis was carried out using both descriptive and inferential statistics. Descriptive statistics were used to outline the respondents' characteristics aided by SPSS (version 28.0), while multiple regression analysis was employed to test the hypotheses' significance.

RESULTS AND DISCUSSION

Demographic Characteristics

400 questionnaires were distributed to the respondents, out of which, 384 copies were properly filled and returned, while 16 were not. Hence, the survey can be said to be 96% successful which is significant and adequate to draw conclusion and a valid generalization. As shown in table 1 below, out of the 384 SMEs/respondents, 142(37%) were in trading, 128(33%) were in services while 114(30%) were in manufacturing. Likewise, 98(25.5%) were in operation between 1-3 years, 156(40.6%) have been in operation within 4-6years while 130(33.9%) were in operation within 7 years and above. In terms of employees, 201(52.3%) had between 1-5 employees, 112 (29.2%) had between 6-10 employees while 71(18.5%) had between 11-50 employees..

Table 1: Demographic Characteristics of Respondents

Factor	Variable	Frequency	Percentage
Business type	Trading	142	37
	Services	128	33
	Manufacturing	114	30
Years of Operation	1-3 years	98	25.5
	4-6years	156	40.6
	7+ years	130	33.9
No of Employees	1-5	201	52.3
	6-10	112	29.2
	11-50	71	18.5

Source: Filed Survey, 2026

Descriptive Statistics

Table 2: Descriptive Statistics of Variables

Variable	N	Mean	Std Dev.
Product Innovation	384	3.82	0.74
Promotional Innovation	384	3.91	0.68
Pricing Innovation	384	3.54	0.81
Distribution Innovation	384	3.67	0.79

Sales Performance	384	3.78	0.72
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Source: Filed Survey, 2026

Table 2 above shows the average and standard deviation scores for both the independent and dependent variables utilized in the research. Research participants were required to evaluate each of the five constructs on a five-point scale, with five representing strong agreement and one representing strong disagreement. The mean scores for these variables generally range between 3.54 and 3.91. Standard deviations indicate the extent of variability, and values exceeding 1 suggest that the participants' views are varied and not in consensus. The Mean showing 3.0 and above with standard deviation less than 1 indicate agreement among the SMEs that they engage in innovative marketing in their operations.

Reliability and Validity Analyses

To assess the dependability of the items associated with each construct, Cronbach's alpha coefficient was computed for each variable. The outcomes of the reliability analysis for each construct were as follows: product innovation; (0.845), promotional innovation; (0.797), pricing innovation; (0.897); distribution innovation; (0.763), and sales performance; (0.753). The reliability scores for each construct surpassed the recommended and acceptable threshold of 0.7. The findings of the reliability analysis are depicted in the table below.

Table 3: The Reliability Statistics of the Variables

S/N	ITEM	NO OF ITEMS	CRONBACH'S ALPHA
1	Product Innovation	5	.845
2	Promotional Innovation	5	.797
3	Pricing Innovation	5	.897
4	Distribution Innovation	5	.763
5	Sales Performance	5	.753

Source: Filed Survey, 2026

After content validity, correlation analysis was used to ascertain the discriminant validity of the constructs. All correlations were significant at the 0.01 level. The table below shows all correlations and their correlation values.

Table 4: Correlations and Test of discriminant validity

Variable	PDI	PMI	PCI	DTI	SAP
Product Innovation-PDI	1	.683**	.546**	.501**	.597**
Promotional Innovation -PMI	.683**	1	.521**	.446**	.536**
Pricing Innovation-PCI	.546**	.521**	1	.541**	.483**
Distribution Innovation-DTI	.501**	.446**	.541**	1	.511**
Sales performance-SAP	.597**	.536**	.483**	.511**	1

Correlation is significant at the 0.01 level (2-tailed)

As indicated in Table 4 above, all the elements representing the theoretical constructs exhibited satisfactory positive and significant correlations. Notably, product innovation and promotional innovation demonstrated the strongest correlation, with a coefficient value of 0.683. Product innovation was positively and significantly correlated with sales performance ($r = 0.597$, $P < .01$), as was promotional innovation ($r = 0.536$, $P < .01$). Similarly, pricing innovation showed a positive and significant correlation with sales performance ($r = 0.483$, $P < .01$). Additionally, distribution innovation also displayed a positive and significant correlation with sales performance ($r = 0.511$, $P < .01$).

Multiple Regression Analysis and Test of Hypotheses

Table 5: Model Summary

Model	R	R ²	Adjusted R ²	Standard Error	Durbin-Watson
1	0.741 ^a	0.549	0.544	0486	1.897

a. Dependent variable: Sales performance

b. Predictors: (constant), Product Innovation, Promotional Innovation, Pricing Innovation and Distribution Innovation

In table 5 above, the model summary shows that the multiple correlation coefficient (R), using product innovation, promotional innovation, pricing innovation and distribution innovation simultaneously, is 0.549 and Adjusted R² is 0.544, which means that 54.9% of the variance in sales performance is explained by the dimensions of innovative marketing understudy. DW=1.897 shows no autocorrelation.

Table 6: ANOVA

Model		Sum of Squares	D.f.	Mean Square	F	Sig
1	Regression	108.732	4	27.183	115.21	0.000 ^b
	Residual	89.412	379	0.236		
	Total	198.144	383			

a. Dependent variable: Sales performance

b. Predictors: (constant), *Product Innovation*, *Promotional Innovation*, *Pricing Innovation* and *Distribution Innovation*

In Table 6 above, the ANOVA results indicates that $F=115.21$ and this is statistically significant. This suggests that the dimensions of innovative marketing collectively help in determining sales performance. Additionally, the model is deemed a good fit if the significance value is between 0% and 5%. The table presents a significance value of .000, demonstrating that the correlation between the independent and dependent variables are highly significant. Therefore, the model is considered a good fit for explaining the effect of innovative marketing on sales performance of SMEs in Enugu State.

Table 7: Coefficients

	B	Std. Error	Beta	T	Sig	VIF
Constants	0.712	0.152	-	4.684	.000	-
Product Innovation	.284	.051	.398	5.569	.000	1.87
Promotional Innovation	.321	.048	.334	6.688	.000	1.92
Pricing Innovation	.198	.044	.221	4.500	.000	1.72
Distribution Innovation	.256	.047	.274	5.447	.000	1.81

a. Dependent Variable: Sales Performance

Table 7 above illustrates that the multiple regression analysis revealed a positive and significant correlation between innovative marketing and sales performance. The four dimensions; product innovation ($\beta = .398$; $P < 0.01$), promotional innovation ($\beta = .334$; $P < 0.01$), pricing innovation ($\beta = .221$; $P < 0.01$), and distribution innovation ($\beta = .274$; $P < 0.01$) demonstrated a statistically significant and positive effect on sales performance.

Discussion of Findings

The results show that innovative marketing significantly affects sales performance of SMEs in Enugu State, supporting RBV and DOI Theory. In line with the multiple regression analysis, promotional innovation was the strongest driver of sales performance ($\beta = 0.334$). This agrees with the study of Okafor et al., (2023) which found that WhatsApp and TikTok marketing increased SME sales by 28% in South East Nigeria. It was observed that Enugu traders leverage social media heavily due to low cost

Furthermore, the statistical analysis revealed that product innovation significantly affects sales performance ($\beta=0.292$) which confirms that new packaging, features and variants help SMEs stand out in the market (Nwatu et al., 2022).

Likewise, distribution innovation has significant effect on sales performance ($\beta=0.274$). This reflects the growth of "send-down" logistics and agency models in Enugu. The study of Okafor et al., (2023) revealed that SMEs that use bike dispatch and WhatsApp catalogs sell faster.

Also, the analysis indicated that pricing innovation has a significant effect on sales performance ($\beta=0.221$) but the lowest among the dimensions. This is because many SMEs fear eroding margins due to inflation and forex issues (CBN, 2023).

Overall, 54.9% variance explained is higher than 48% reported for Lagos SMEs, showing Enugu SMEs are more responsive to innovative marketing strategies.

Conclusion

Based on the findings, the study concludes that innovative marketing significantly influences sales performance of SMEs in Enugu State. Promotional innovation is the most critical driver in Enugu's market because of high social media usage and low advertising cost. Product and distribution innovation also play major roles by differentiating offerings and improving access. Pricing innovation, though significant, is limited by inflation and cost pressures.

Therefore, SMEs that consistently adopt new marketing methods across product, promotion, price and distribution are more likely to achieve higher sales volume, revenue growth, and market share. This supports RBV which states that unique marketing capabilities create competitive advantage, and DOI which shows that adoption of innovations improves performance.

Recommendations

Based on the findings, the following recommendations are made:

1. SMEs in Enugu State should invest in digital promotion. They should use WhatsApp Business catalogs, TikTok videos in Igbo language, and micro-influencers in Enugu markets to influence sales. Enugu state government and its agencies should provide free digital marketing training for SMEs.
2. SMEs should engage customers for feedback and launch improved products every 6-12 months. They should focus on quality, packaging and after-sales services to justify premium pricing.

3. Managers of SMEs should partner with dispatch riders, list products on Jumia/Konga, and use agency models to reach rural LGAs like Uzo Uwani, Aninri and Ezeagu. This will reduce cost and improve delivery speed.
4. Managers of SMEs should introduce flexible payment options such as installment plans and "pay small" for high-value goods. CBN and SMEDAN should create loan products to help SMEs absorb cost without hurting margins.
5. Enugu State government should provide tax incentives and grants for SMEs that adopt digital marketing tools and e-commerce platforms to boost competitiveness.

Contribution to Knowledge

This study contributes to literature by providing empirical evidence from Enugu State, an understudied context. It shows that in a high-inflation, relationship-driven market like Enugu, promotional innovation outweighs other innovative marketing dimensions in driving sales. The study also provides a validated 4-dimension model that future researchers can test in other states.

Limitations of the Study

1. The study was limited to Enugu Metropolis. Findings may not be possible to generalize to the rural areas in the state.
2. The study used cross-sectional data. A longitudinal study could show cause-effect over time.
3. Sales performance was measured using perceptual data from owners. Future studies can use actual financial records.

Suggestions for Further Studies

1. Future studies should examine the moderating role of firm size and digital literacy on the relationship.
2. A comparative study between Enugu and Lagos SMEs should be conducted.
3. The effect of AI-driven innovative marketing on SME performance should be investigated.

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