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Strategic Critical Success Factors for Multinational Enterprises Operating in the Fast-Moving Consumer Goods Industry in Nigeria

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Abstract

With a large market and the fourth biggest economy in Africa, Nigeria has attracted the attention of many enterprises in the fast-moving consumer goods industry (FMCG). However, Nigeria presents many challenges, as can be attested to by several multinational enterprises (MNEs) that have in recent times pulled out of this market. Consequently, this study set out to determine what the strategic critical success factors (SCSF) are for MNEs that operate in the FMCG industry in Nigeria. Conducting semi-structured interviews with 13 senior managers of MNEs operating in the Nigerian FMCG industry, the researchers identified 19 SCSFs. Of these, adapting to the external environment, understanding and adapting to consumer needs, and building relationships with stakeholders were found to be the most prominent.

Keywords: *Critical success factors, Strategic critical success factors, Fast-moving consumer goods, Multinational enterprises, Nigeria*

1. Introduction

There has been a renewed interest in Africa's place in the global economy for some time now. While the 1980s and 1990s were marred by accounts of a continent in crisis and disconnected from global markets, the attention of managers, multinational enterprises (MNEs), and researchers alike has turned to opportunities for growth in Africa (Bright & Hruby, 2015:17-18; Khisa, 2019:304; Ouma, 2012:836). A commonly held misconception, however, is that Africa is a country, while in fact African countries are not homogenous and differ vastly (Bright & Hruby, 2015:2; Kayser-Bril, 2014).

In particular, Nigeria dominates the economic sphere of Africa and is viewed as one of the most opportune markets in the story of 'Africa rising' (African Development Bank, 2017:24; Corral *et al.*, 2015:7; Lysonski & Durvasula, 2013:494). This is partly due to its position as Africa's fourth biggest economy (Statista, 2024). Nigeria's economic position is, however, neither stable nor predictable. Between 2000 and 2014, Nigeria experienced an average gross domestic product (GDP) growth rate of 7% per year, but during the 2014 to 2016 oil price collapse, Nigeria's GDP growth rate dropped to 2.7% in 2015, lowering to 2.2% in 2019 (International Monetary Fund, 2017:5; World Bank, 2021). With more recent data showing it to be 2.9% in 2023 (World Bank, 2024a). Half of the government's revenue, however, depends on the global oil price, as Nigeria is Africa's largest oil exporter. Consequently, global economic disruptions and consequent pronounced declines in the oil price, such as that caused by COVID-19, harm the country's economy (World Bank, 2020a). An industry that has, however, proven to be resilient in the face of tough economic conditions is the fast-moving consumer goods industry (FMCG), as consumers continue to purchase basic FMCG products to survive (KPMG, 2016:1). In this industry, KPMG (2016:9) has identified Nigeria and Angola as the top African countries for growth, and with the FMCG industry making up 17% of the total value of equity on the Nigerian Stock Exchange, it is one of the biggest industries in the country (KPMG, 2020:4).

The Nigerian FMCG industry has, however, not always proven to be an easy market to operate in. With enterprises facing challenges such as the regulatory environment, inadequate distribution channels,

infrastructural deficiencies, the high cost of finance, low per capita income and security challenges (KPMG, 2023: 5-7). Consequently, South African FMCG retailers such as Mr Price, Truworths and Woolworths have pulled out of the market in recent years (Buthelezi, 2020). With Truworths and Woolworths citing getting stock into stores, difficulty getting cash out of the country, high rental costs, and duties as the main reasons for pulling out of the country (Kew, 2016; Reuters, 2013).

However, according to Ghosh *et al.* (2001:210), the likelihood of success or failure in a market can be attributed to effectively identifying and achieving various critical success factors (CSFs), with these including the strategies, activities, processes, functions, operations, and conditions crucial to a venture's success and stakeholder relationship prosperity. CSFs can further be sub-divided into two broad categories: strategic and operational/tactical (Freund, 1988:20; Holland *et al.*, 1999:276; Parker, 2009:32). These categories allow management to address CSFs hierarchically, from strategic to operational, and ultimately can result in superior competitive performance and positive financial results for the enterprise (Freund, 1988:22; Ram & Corkindale, 2014:152). In particular, strategic CSFs (SCSFs) reflect high-level enterprise-wide strategies and relate to the strategic objectives of the enterprise, which can include issues related to bottom-line profit or expansion, growth aspirations, and market positioning (Holland *et al.,* 1999:276; Peak & Guynes, 2003:24).

Thus, given the opportunities presented by the Nigerian FMCG industry, coupled with the challenges facing FMCG enterprises and the failure of MNEs such as Truworths and Woolworths to capitalise on these opportunities, this paper set out to answer the following research question:

> *What are the SCSFs MNEs need to focus on in order to increase their chances of being successful in the Nigerian FMCG industry?*

Consequently, by focussing on the identified SCSFs, MNEs operating in the FMCG industry in Nigeria should be able to enhance their likelihood of success in this potentially lucrative market.

2. Literature Review

2.1 Fast-Moving Consumer Goods Industry In Nigeria

The FMCG industry is one of the largest industries in the world (KPMG, 2016:1; Kulasingam, 2016; Kumar *et al.*, 2015:79) and includes products such as clothing, consumer electronics, food, drinks, hygiene, and home and personal care products (Gabrielsson *et al.*, 2008:715; Kulasingam, 2016). These products are relatively cheap, have a short lifespan and are purchased regularly (KPMG, 2016:1; Kumar *et al.,* 2015:80). Due to its population size and "the size and growth of household consumption expenditure", Nigeria has been identified as one of the top two countries in Africa for growth in this industry (KPMG, 2016:9).

In their study, KPMG (2016:2) defines a large market as 'a region with a large population with adequate spending power'. A large market is considered vital to the FMCG industry, as enterprises generally operate in a low-margin environment. Consequently, Nigeria's population size is a critical drawcard, as it is the largest in Africa and the sixth-largest in the world, with a population of 223,804,632 million people (World Bank, 2024b). In addition to a large population, Nigeria's middle class has been growing (Corral *et al.*, 2015:20). In particular, the middle class makes up 23% of the population, with a combined buying power exceeding US$28 billion (Persianas Group, 2021). This rise of Nigeria's middle class has also led to a shift in consumption patterns, with some Nigerians shifting from shopping at local markets and street vendors to commercial centres and malls (Corral *et al.*, 2015:7-8).

A second driving force is population density - the number of people per square kilometre of land - as densely populated areas make communication and product distribution easier and less costly (Geringer *et al.*, 2020:207; Lall *et al.*, 2017:14). It also means that the regularity of consumers buying FMCG products increases; therefore, enterprises seek out densely populated markets with high levels of urbanisation (KPMG, 2016:3). Particularly, Nigeria's urban population has risen from 9.4% in 1950 to 52% in 2020 and is expected to increase to 70% by 2025 (United Nations – Habitat, 2023: 3).

However, there are several drawbacks that can negatively influence the Nigerian FMCG industry. In particular, Nigeria is ranked 131 out of

190 countries in the World Bank's Ease of Doing Business Report, with trading across borders (179), registering property (183), and getting electricity (169) being the worst-performing areas (World Bank, 2020b). Also, although its FMCG industry composition is dominated by a few prominent formal players such as Unilever, Coca-Cola, Procter & Gamble, and Johnson & Johnson (KPMG, 2016:1; Kulasingam, 2016), Nigeria's informal trading sector is where between 90% and 98% of trading occurs, making small and micro retailers important players (Deloitte, 2016:17; Frontline Research Group, 2021).

2.2 Critical Success Factors

Although several authors have put forward definitions of CSFs, they are all aligned with the seminal definition by Rockart (1979:85) that CSFs are 'the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organisation'.

As previously stated, CSFs can be sub-divided into two broad categories: strategic and operational/tactical, allowing management to address CSFs hierarchically - from strategic to operational (Freund, 1988:20; Parker, 2009:32). Due to this hierarchical nature, CSFs can help communicate and focus operational activities towards achieving the enterprise's strategic objectives and mission (Freund, 1988:23; Parker Gates, 2010:10; Peak & Guynes, 2003:24). In particular, SCSFs provide direction for strategy formulation and implementation, enabling managers to identify the business vision and strategic thrusts, thus allowing them to prioritise operational activities and projects (Boynton & Zmud, 1984:18, 25; Peak & Guynes, 2003:24). However, the degree of importance of each CSF is viewed differently by enterprises because of their differing strategies and strategic ambitions (Ghosh *et al.*, 2001:219). Therefore, different operating conditions require unique strategic approaches (Elg *et al.*, 2015:334; Mohr *et al.*, 2012:12).

Seminal researcher, Freund (1988:21), stated that the most effective way to identify, classify and analyse CSFs is to use a top-down approach to ensure that the operational areas and business units or subsidiaries support the overall strategic objectives of the enterprise. Thus, management begins the process by considering the enterprise's mission, objectives, and strategies to identify the CSFs for the entire enterprise.

Each business unit then identifies five to ten CSFs for each functional area.

3. Methodology

A qualitative descriptive design, also known as a generic qualitative design (Cooper & Endacott, 2007:817), was used in this study. This design enables a researcher to gain 'straight and largely unadorned' answers to questions, discovering 'the *who*, *what*, and *where* of events or experiences' (Sandelowski, 2000a:337-338) - or as stated by Neergaard *et al.* (2009:53), it describes the informant's perception and experience of the world. Consequently, as the study aimed to collect information from senior managers working for MNEs in the Nigerian FMCG industry about their experience of SCSF, this was deemed an appropriate design.

3.1 Sampling

Qualitative descriptive studies can make use of any purposive sampling techniques (Neergaard *et al.*, 2009:53; Sandelowski, 2000a:337) to select participants or enterprises considered to have knowledge or experience of the topic being investigated (Oppong, 2013:203; Sandelowski, 2000a:338). This study employed criterion sampling - a form of purposive sampling based on 'preconceived criteria' - to sample the unit of analysis (Sandelowski, 2000b:248). With the criteria, in this case being, that the unit of analysis had to be an MNE and the MNE had to operate in the Nigerian FMCG industry.

While key informant sampling was employed to sample the unit of observation, as the aim was to sample participants with special expertise or expert knowledge (Marshall, 1996:523; Taylor & Blake as cited in Lokot, 2021:3). Accordingly, managers of MNEs based in the Nigerian subsidiary were interviewed. Based on their managerial level in the Nigerian subsidiary (see Table 1), these managers were considered to be in the best position to shed light on what they consider SCSFs in the Nigerian FMCG industry.

Table 1. Position and FMCG sector of participants

Participant pseudonym	Position in the Nigerian subsidiary	FMCG sector
Participant A	Executive (Job title shortened for confidentiality)	Manufacturer
Participant B	Supply chain director	Manufacturer
Participant C	Regional business development manager	Manufacturer and retailer
Participant D	Business development manager	Manufacturer and distributor
Participant E	Chief operating officer and managing director	Manufacturer
Participant F	Chief executive officer	Manufacturer
Participant G	Deputy financial director	Retailer
Participant H	Supply chain manager	Retailer
Participant I	General manager – West, East and Central Africa	Manufacturer and retailer
Participant J	Regional executive	Retailer
Participant K	Sales operations manager	Manufacturer
Participant L	Category manager	Manufacturer
Participant M	Head of field operations Nigeria	Manufacturer

When deciding on the appropriate sample size, the guidelines of Francis *et al.* (2010:1237) were employed. According to these guidelines, one way of measuring data saturation is to conduct an additional three interviews once no new themes emerge to ensure that data saturation has been reached. According to Guest *et al.* (2020:2), saturation is 'the point in data collection and analysis when new incoming data produces little or no new information to address the research question'. Therefore, when data saturation was reached at the tenth interview, three additional interviews were conducted, from which no new themes emerged.

3.2 Data Collection

Since the managers were located in Nigeria, it was decided to use Skype to conduct the interviews. The use of video-based software applications, such as Skype, is increasing, as it saves travel time and money, has a greater reach of participants in terms of geographic access and is less

disruptive in terms of scheduling (Seitz, 2016:230). Furthermore, Skype interviews can feel more comfortable because the researcher and participants 'remain in a "safe location" without imposing on each other's personal space'(Hanna, 2012:241).

3.3 Data Analysis and Interpretation

The data was analysed using thematic analysis, a method of 'identifying, analysing, and reporting patterns (themes) within data' (Braun & Clarke as cited in Castleberry & Nolen, 2018:808). First, a preliminary exploratory analysis was conducted by reading and re-reading the transcripts (Cooper & Endacott, 2007:818). Following this, the text was divided into information segments, and the segments were labelled using open coding. The coded information was analysed for similarities and then collapsed into themes (Cooper & Endacott, 2007:818; Creswell, 2012:243).

3.4 Trustworthiness

Several criteria can be used to judge the trustworthiness of qualitative research; these include: credibility, transferability, dependability and confirmability (Connelly, 2016:435; Shenton, 2004:64).

By addressing credibility, researchers aim to ensure that the research measures or tests what is intended (Graneheim & Lundman, 2004:110; Shenton, 2004:64). In addressing the credibility of this study, two approaches were employed. First, an approach referred to by Shenton (2004:66) as 'honesty in informants' was employed, where the participants could refuse to participate in the study at the time of making the interview appointment. This was reinforced at the start of the interview, with the participant reminded of their right not to take part in the interview and that they could stop the interview at any time without any negative consequences to themselves or their enterprise. A second approach used was using member checking (Connelly, 2016:435; Shenton, 2004:68), in which participants were emailed interview transcripts to fact-check the content.

The researchers aimed to improve the transferability - 'the extent to which the findings of one study can be applied to other situations'

(Shenton, 2004:69) - of the study by providing a thick description of the phenomenon under investigation and in doing so, allowing the reader to compare the study findings to their situation (Ponterotto, 2006:547; Hadi & Closs, 2016:644).

According to Morrow (2005:251) and Shenton (2004:71), a study is dependable if other researchers, in the same context with the same methods and participants, can achieve similar results. Therefore, the researchers have attempted to explain the processes followed in the study in detail, thus enabling other researchers to repeat the study in future.

Finally, by addressing confirmability, researchers aim to show that the data and interpretation of the findings are the participants' experiences and ideas rather than the researcher's beliefs and biases (Morrow, 2005:252; Shenton, 2004:72). To this end, the researchers established an audit trail by providing a detailed description of the sources and techniques of data collection and analysis, interpretations made and decisions taken, thereby 'demonstrating truthfulness within the findings' (Hadi & Closs, 2016:643).

4. Findings and Discussion

4.1 Attractiveness of the Nigerian Market

A salient factor for MNEs contemplating expanding into the Nigerian market is the size of the Nigerian population. One participant stated that '*Nigeria is a population of 182 million... Lagos, for instance... has a population of about 18 to 20 million... that is more than some countries... We have our challenges, but... the market is definitely here. Purchasing power also speaks volumes, and I think all of those reasons are why a lot of multinationals are coming to Nigeria'* (Participant G). Another participant noted that, '*What really drives growth for FMCGs is the middle class'* because '*once people have enough money to buy a fridge and a car… they spend as much as they earn'* (Participant E). It is worth remembering that the middle class is often credited with stimulating economic growth (Organisation for Economic Co-operation and Development [OECD], 2019).

On a cautionary note, MNEs have been known to suffer from the 'halo effect', where an MNE only sees the potential market size and fails to adequately consider the challenges they may face in a new market

(Ghemawat, 2001:138; Ramos & Ashby, 2017:291). In particular, many MNEs were attracted to invest in the Nigerian market; however, '*they didn't realise how complicated it was to set-up businesses and the fact that the middle class are spread all over the country* [and] *logistics systems are inefficient and very expensive'*. They '*came in here thinking it was going to be a lot easier than it is…*' and were '*…a little bit naïve. For consumer products, you don't have the fall-back option of pushing volume through modern trade, so you have to go out and physically sell it market by market'* (Participant E). According to a participant, MNEs that are not doing well can attribute it to the fact that '*they did not study... the market before going there'* (Participant F). But, as stated by another participant, the pressure is on for MNEs to make a move into Nigeria '*…because it is the last economic frontier, if you are not there right now, the barriers to entry will be higher... so companies* [should] *overlook all of these challenges for the long-term gain…'* (Participant L).

4.2 Strategic Critical Success Factors

The 13 interviews resulted in identifying the 19 SCSFs listed in Table 2. However, only the top six are discussed here, with illustrative quotations for all 19 SCSFs provided in the table.

Table 2. Summary of the strategic critical success factors identified by participants

	Enterprises													
SCSFs	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**	**J**	**K**	**L**	**M**	**Total**	**Illustrative quotations**
Adapting to the external environment	√	√	√	√	√	√	√	√	√	√	√	√	√	**13**	*'The rail network is non-existent'* [and] *'the road infrastructure is becoming worse by the day.'*
Understanding and adapting to consumer needs and behaviour	√	√	√	√	√	√	√	√	√	√	√	√	√	**13**	*'…what we did is we went to a lot of the local suppliers and found out from them what their best sellers were and what sold the best in the local markets.'*
Building relationships with stakeholders	√	√	√	√	√	√	√	√	√	√	√	√	√	**13**	*'Nigeria is a very connected and community-based country, so those relationships are critical…'*
Playing by the rules of the government and behaving ethically		√	√	√	√	√	√	√	√	√		√	√	**11**	*'…we don't joke with regulators because Nigeria is also a market that is highly regulated…'*
Adapting your strategy for Nigeria	√	√	√	√	√	√	√	√	√	√		√		**11**	*'…changing our local portfolio which had been previously geared just to be a premium portfolio, I included a value portfolio as well…'*
Achieving economies of scale	0	√	√	√	√	√	√	√	√	√	√	0	√	**11**	*'…we have quite a number of stores all over Africa, and those goods are being negotiated together. So yeah, economies of scale – we are highly geared to negotiate better pricing with the suppliers…'*
Pricing strategy		√		√	√	√	√	√	√	√	√	X	√	**10**	*'…you need products which are priced at such a level that there is enough margin for dealers, sub-dealers, wholesalers and retailers. So, a product can go through two or three layers of distribution to end up in a village and still be*

	Enterprises														
															[affordable].*'*
Organisational structure	√	√	√	√	√	0	0	√	0	√	√	0	√	**9**	*'…you have to have expats in key positions.'*
Market coverage			√		√	√	√	√	√		√		√	**8**	*'…the key is to dominate retail in emerging markets because… internet shopping and online grocery shopping is more a fairytale at this point in time.'*
Partnering	√	√	√	√	X	0	X	√	√	0	√	X	√	**8**	*'…the group has been able to partner with state governments, local governments and even the federal government.'*
Strong brand name			√	√	√		√	√		√	√			**7**	*'The brand name … It has been tested and it is a lot trusted.'*
Vertical integration		√	√	√				√	√		√			**6**	*'…we are now able to produce things or create the things ourselves, which* [is] *not necessarily our core business…'*
Corporate social responsibility	X	√	X	√	0	0	√	√	0	0	√	√	X	**6**	*'…each of these tiers of government are also very much interested in paying attention to multinationals to see what their give-back model is.'*
Innovation and differentiation		√			√		√		√				√	**5**	*'…now, ideally,* [differentiation] *is into the product and product innovation, um, but you need to make it hard for people to replicate what you do.'*
Product design		√			√	√			√			X	√	**5**	*'…if you don't have a product win, don't get out of bed. It doesn't matter what the rest of your system is…'*
Experience from other markets							√	√		√				**3**	*'…okay, we had this problem in … two years ago, three years ago, you know. … experience in some other country does really help the growth and the surviving strategy…'*

	Enterprises														
Retail market pioneer							√							**1**	*'…quite different from what every other person has been doing, that has helped the acceptability of the market and that has helped the brand in Nigeria…'*
Gradual growth and expansion										√				**1**	*'…we didn't rush in to open too many stores, and we understood what our market was about before we went further into it.'*
Goods returns policy										√				**1**	*'…our exchange guarantees.'*

Keys: 0 = Yes and no – ambiguous answer; √ = This is a SCSF;
(Blank) = The participant did not mention this as a SCSF; and X = This is not an SCSF.

4.2.1 Adapting to the external environment

Countries differ in economic development, culture, and political, legal and economic systems. Consequently, managers of MNEs must be sensitive to these differences and adopt appropriate strategies to cope with them (Hill & Hult, 2019:32). This view was also expressed by a participant who stated that if enterprises enter Nigeria '*with the wrong understanding or not a deep enough understanding of what drives it and what the challenges are'* (Participant B), then their chances of success are likely to diminish. Another participant warned that if MNEs '*come in here with arrogance and* [are] *overly self-confident, you will come second'* (Participant A). MNEs should note that aspects of the Nigerian economic and political environments are '*not stable and* [have] *been changing and... will keep changing, but the key thing is... don't wait to take a reactive decision'*. Instead, MNEs must be proactive and investigate what '*direction… the economy'* will take, heed what the '*market is tending towards'* and take action '*in order to combat it'* (Participant G).

Table 3 provides an overview of some of the specific critical areas of the external environment mentioned by the participants with illustrative quotations.

Table 3. External environmental factors with illustrative quotations

External environmental factors	Illustrative quotations
Infrastructure deficiencies	'*…Nigeria has… one of the worst infrastructures of any emerging market in the world*' when considering '*things like power generation, roads per population, transit times. Sometimes it has taken us 8 hours to move trucks 20 kilometres'* (Participant E). Poor infrastructure '*raises the cost of operations*'; however, if the infrastructure improved, we would be able to provide a '*cheaper product for the consumers, or* [make] *more profit for the organisation'* (Participant D).
Corruption	'*…they will stop your goods and say... there is a surcharge of 5000 dollars per container... and we have been charging you the wrong rate, which is not true'*. However, *'unless you pay, it is going to take three weeks to get the goods out, and of course, we don't pay, so it takes us three weeks'* (Participant I).
Terrorism	'*there* [are]... *insurgencies in one specific location which* [are] *blown out of proportion by Western media'* (Participant L). '*…even when it was tough, we were there... We* [still] *do have a presence there, and now that the situation has improved a lot, it is nothing for us to worry about'* (Participant G).
Retail conditions	*MNEs must* '*understand that it is not a modern trade'* and *'80 to 85% of all trade in Nigeria is done in open markets'* (Participant B). The formal retail market '*has a lot of potential... particularly as the economy opens up and people become more affluent and more educated. But having said that, I don't think the modern can eventually replace the traditional environment'* (Participant D).

4.2.2 Understanding and adapting to consumer needs and behaviour

Nigeria consists of '*a complex group of people with different...ethnicities, different values* [and] *different cultures living together'*. When MNEs '*have a strong understanding of these insights, that's when you can win'* (Participant L). One participant, in particular, stated that if he '*had to prioritise'* SCSFs, he '*would start, number one, with consumer understanding'* (Participant F). Another participant stressed how important it is to be '*able to change your portfolio to the changing needs of the consumers'* (Participant I).

MNEs need to be cognisant that most of their consumers in the Nigerian market are '*low-income consumers; 90% of the population is poor',* and '*it means whatever you bring to them has to be affordable'*. *'There are three levels of classification: the premium...the middle segment, and then there is the bottom, low segments. If* [MNEs] *go to Nigeria trying to operate in the premium segment,* [they] *will not succeed*' (Participant F).

Another participant observed that Nigerians are '*hugely brand loyal',* and '*they are... hugely mobile phone driven in terms of marketing...and social media'* (Participant B). According to another participant, due to the high rate of urbanisation in Nigeria, '*consumers are moving away from traditional foods... You tend to see people going to fast food joints to eat now* [and have] *less time to stay at home to cook'* (Participant C).

Several participants also highlighted the differences between the north and south of the country, stating that there are '*a lot of differences in terms of... the way* [Nigerians] *behave, the way they buy'*. What MNEs '*expect from the north will be different from what you expect in the south in terms of volume and value sales'* (Participant D).

4.2.3 Building relationships with stakeholders

Globalisation has heightened the intensity of competition, making stakeholder relationships even more important (Elg *et al*., 2015:334; Marquis & Raynard, 2015:304). Relationships provide social approval and legitimacy, and are hard to imitate and infiltrate, making them sources of sustainable competitive advantages (Marquis & Raynard, 2015:304; Tantalo & Priem, 2016:315). Having said this, in the Nigerian FMCG industry, '*the relationship goes a long way…. The relationship with* [the] *government..., consumer...* [and] *retailers; these...relationships are very... important and critical for the success of the FMCG'* (Participant C). Table 4 tallies the most important stakeholders identified by the participants with illustrative quotations. These stakeholders include consumers, distributors, government officials, regulatory agencies and suppliers.

Table 4: Different stakeholder relationships identified as critical by participants with illustrative quotations

	Enterprises														
Stakeholders	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**	**J**	**K**	**L**	**M**	**Total**	**Illustrative Quotations**
Customers	√	√	√	√	√	√	√	√		√	√	√		11	'*…relationships with consumers are critical*' (Participant C).
Distributors		√	√	√	√	√		√	√		√	√	√	10	'*…unlike in the Western world where you can just have a couple of guys... to take* [the product] *to the consumer',* in Nigeria, it is critical for MNEs to build relationships with '*every retail outlet because they are independent and fragmented*' (Participant D).
Government	X	√	√	√	√	√	√	√	√	√	√			10	One benefit of having a relationship with government officials is that it '*helps in every country to know what… is really going on'* (Participant E).
Regulatory Agents		√	√	√		√	√	√	√	X	√			8	*'When it comes to government agencies or non-governmental agencies..., we have good connections, good relationships.... You cannot have a relationship with people when you do not comply with what they ask you to do'* (Participant K). Another participant advised against *'building a relationship'*, stating that MNEs should instead *'just follow... the rules... and... make sure that everything is done correctly'* (Participant J).
Suppliers		√				√		√	√	√	√			6	We *'went to a lot of the local suppliers and found out from them what their bestsellers were and... let them give us the information and tell us how to do it'* (Participant J).

Keys: √ = The MNE has relationships with this stakeholder group; (Blank) = The participant did not mention having relationships with this stakeholder group; X = It is not advisable to have relationships with this stakeholder group.

4.2.4 'Play by the rules' of the government and behave ethically

Transparency International (2024) has ranked Nigeria 145th out of 180 countries in its Corruption Perceptions Index. Consequently, 11 participants identified playing by the rules and behaving ethically as an SCSF. In particular, one participant stated that *'in terms of manufacturing and procurement, you have to obey... your principles and... business ethics because... it is easy to fall into the corruption of the local network'* (Participant F). If enterprises *'play by the rules, and... the government officials know that you play by the rules, they will always set you apart'* (Participant D).

From a competitive point of view, the drawback of not giving in to the pressures of corruption means that there will be *'competitors that... compromise to bring in their stock into the country'* and as a result, they *'tend to have better prices'* (Participant C). However, one participant advises that when it comes to bribes and facilitation fees, the *'best thing for you is never to start and never to give that opportunity'* because *'the moment you start; you can't stop it'* (Participant C). While according to another participant, *'We won't do it, and they leave you alone eventually. So, in the beginning, it took us 160 days to get stock into the country, now it takes us about 32 days'* (Participant J).

4.2.5 Adapt your strategy for Nigeria

Entering emerging markets often requires MNEs to make strategic adjustments in pricing, product design, production and distribution to meet local requirements and incorporate the impact of local differences (Elg *et al.*, 2015:334; Gollakota *et al.*, 2010:356, 359-363), a view supported by 11 study participants. According to one participant, when MNEs adopt the mentality that their strategies should *'be customised to the Nigerian market',* they are likely to succeed (Participant A).

As an MNE operating in Nigeria, it is critical that *'what you are offering must be differentiated'* and the *'strategic fit must be very tight'*. It is crucial to *'continuously innovate and make sure that you are ready... to refresh your strategy'* to ensure that you give *'your consumers what they want'*. Likewise, it is crucial to focus on *'re-strategising on how to expand* [your] *market'* to ensure that the enterprise is *'never complacent... always looking for more and more'* (Participant D). Another participant supported this view when stating, *'Our success story in Nigeria has been great....We have not yet folded our hands to say: Yes, we have done it. It is something that we are still strengthening... on the go'* (Participant G).

Enterprises must ensure they have a *'strategic fit'* and the operations necessary to support their strategy. *'If you are in a mass market..., then you must have an operation that can deliver a huge volume.... If your operation does not support the delivery of your* [strategy], *then there is no alignment'* (Participant D). So, when considering a new strategy, MNEs should answer the following questions: *'Where does it add value* [for] *the consumer?'* and *'Is it in line with our strategic roadmap?'* If the answer is no to either of the questions, then the change or strategy should not be pursued (Participant E).

4.2.6 Achieve economies of scale

According to Vibhuti *et al.* (2014:1169), FMCG products often have low profit margins and need to be sold in large quantities; thus, achieving economies of scale is vital for MNE survival in the FMCG industry. This view was supported by 11 study participants.

One MNE has *'quite a number of stores all over Africa, and those goods are... negotiated together',* which has enabled them to achieve *'economies of scale'*. They *'are highly geared to negotiate better pricing with the suppliers',* and ultimately, *'the cost of duty, import duty, is supposed to be an additional cost, but... by the time you compare the imported goods with the local, the prices are still relatively cheaper'* (Participant G). Another MNE with experience operating in several African markets has experienced what it is like to operate with and without scale. *'In a country like ….We have got one store, and we battle there'* because they cannot capitalise on bulk buying and consolidated loads. However, in Nigeria, they *'set-up a warehouse at a port and... suppliers will deliver to that warehouse. We will split the... items and... road freight them to Kano, Abuja and those places from that warehouse'* (Participant J). Therefore, achieving economies of scale has contributed to their success in Nigeria.

However, one participant was ambivalent about the topic, having witnessed some *'very successful small companies, and there* [are] *also some very... successful, absolutely mega companies here'* (Participant A). Another participant stated that *'critical mass is by far the more important thing than economies of scale. There are many different models to reach economies of scale. You can get a third-party manufacturer; you can get a re-distributor, or you can partner, but critical mass is actually really important. It is critical because that is when you get a lot more people using your products. That's what you want'* (Participant L). In this context, critical mass refers to the number of consumers who purchase and use products, and the size and number of outlets an enterprise needs to reach to effectively compete in a market. In general, it is the minimum amount

of something required to start or maintain a venture or project (Bratton *et al.*, 2003:733).

5. Conclusion

Nigeria's population size coupled with its population density presents a potentially high-reward opportunity for MNEs searching for growth and new markets in the FMCG industry. MNEs should, however, take care not to be blinded by the sheer size of this potential market. With enterprises facing challenges such as inadequate distribution channels, infrastructural deficiencies, high cost of finance, low per capita income, security challenges and the regulatory environment, among others.

Having said this, MNEs can improve their likelihood of succeeding in this potentially lucrative market by effectively identifying and addressing various SCSFs. Particularly, MNEs should ensure that they understand and adapt to the challenges and opportunities presented by the external environment. This includes understanding how infrastructure deficiencies in roads, water and electricity supply will affect overhead costs. MNEs should also take care to ensure that they understand the influence of and adapt to external forces such as corruption, terrorism and the local retail conditions. When considering corruption, MNEs should ensure they play by the rules of government and always behave ethically.

Nigeria consists of a complex group of people with different ethnicities, values etc. MNEs also need to ensure that they have a strong understanding of and are able to adapt to consumer's needs and behaviours. Apart from customers, MNE also need to build relationships with distributors, the government, regulatory agencies and suppliers as relationships provide social approval and legitimacy, and with relationships being hard to infiltrate and imitate, they can be a valuable source of sustainable competitive advantages.

To be successful in an industry where profit margins are often low, MNEs must achieve economies of scale. The ability to reduce costs is a requirement of not just this industry but also the Nigerian market, where a large percentage of the population is poor.

Finally, considering the above, MNE should ensure that their strategies are customised to the Nigerian market, that they continuously innovate and that they refresh their strategy to the constantly changing environment.

6. Limitations and future research

This study focussed on the FMCG industry at large. However, by focussing on sub-groups, such as retailers, manufacturers or distributors, deeper trends and more in-depth insights might be gained about each of these groups operating in the Nigerian FMCG industry.

Secondly, with 80% to 90% of all FMCG trade taking place in the informal retail market, future research focussing on this segment of the FMCG industry could provide valuable insight.

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