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Investigating of Dominant Factors Causing Loss of Sales and Marketing in a Fast-Moving Consumer Goods (FMCG) Company in Lagos

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Abstract
The Fast-Moving Consumer Goods (FMCG) sector contributes substantially to Nigeria's national economy, yet the sector has experienced declining sales performance in recent years, reducing revenues for key market players. While prior studies have examined the sector broadly, few have investigated sales losses within individual firms. This study examined the primary factors driving lost sales and marketing underperformance at Nestlé Nigeria, with a focus on Lagos, and aimed to provide evidence-based insights to support improved competitive performance. A mixed-methods design was used, combining quantitative and qualitative approaches. Quantitative data included inventory levels, stock-out frequencies, marketing campaign metrics, sales figures, consumer demographics, and macroeconomic indicators. Qualitative data were gathered through surveys, focus groups, and customer interviews. Analysis employed frequency distributions, means, standard deviations, Principal Component Analysis (PCA), and correlation analysis. High competition and poor customer service were the most frequently cited internal contributors to sales loss. PCA identified ineffective marketing strategies (loading = 0.671), poor customer service (loading = 0.265), and insufficient product availability (loading = 0.138) as the dominant internal factors. Among external influences, competitor pricing strategies (Mean = 4.15, SD = 0.85) and consumer behaviour changes (Mean = 4.03, SD = 0.88) received the highest mean ratings. Regression analysis confirmed economic downturn as a statistically significant predictor of sales variability ($\beta = 0.450$, $p = 0.02$). The study concludes that improving customer service, strengthening supply chain management, and adopting competitive pricing strategies represent the most critical interventions for Nestlé Nigeria. Enhanced supply chain management and responsive pricing are recommended as priorities for addressing product availability gaps and sustaining market position.

Keywords: Fast-Moving Consumer Goods (FMCG), Lost Sales, Marketing Strategies, Consumer Behaviour, External Factors

1. Introduction

The Fast-Moving Consumer Goods (FMCG) sector is a key driver of both global and national economies. It is characterised by high consumption frequency, rapid inventory turnover, and intense competition (Kotler & Keller, 2021). FMCG products including food, beverages, toiletries, and household supplies—are low-cost items that consumers purchase regularly. In Nigeria, particularly in Lagos, which serves as the country's main commercial centre, the sector presents substantial market opportunities alongside significant operational challenges. These include fluctuating economic conditions, shifts in consumer preferences, supply chain disruptions, and competition from both local and international brands.

Nestlé Nigeria occupies a prominent position in the Nigerian FMCG market, yet the company has not been insulated from these pressures. Sales losses in FMCG firms are generally attributed to factors such as inadequate product availability, ineffective marketing campaigns, weak customer relations, poor distribution logistics, and external conditions such as economic downturns and regulatory changes (Grewal et al., 2021). As consumers become more discerning, companies that fail to respond to evolving behaviour and market dynamics risk losing market share. Supply chain inefficiencies and competitor-driven pricing strategies have further increased sales volatility across FMCG firms in Nigeria.

Prior research has tended to examine FMCG performance at the sector level, with limited attention given to firm-specific factors, particularly within the Nigerian context. This leaves a gap in the understanding of what specifically drives sales losses at the company level, and what interventions are most likely to be effective. This study addresses that gap by

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investigating the dominant internal and external factors driving sales losses and marketing inefficiencies at Nestlé Nigeria, with a focus on Lagos. The aim is to generate evidence that can inform strategic interventions to improve sales growth, strengthen customer engagement, and sustain competitive advantage.

1.1 Statement of the Problem

Despite the growth of the FMCG sector in Nigeria, companies continue to experience persistent sales losses and declining marketing effectiveness. Factors including shifts in consumer behaviour, increased competition, supply chain inefficiencies, and inadequate marketing strategies have collectively impaired revenue growth. Lagos presents a particularly demanding commercial environment in which FMCG firms must manage external pressures such as economic volatility, rapid technological change, and evolving consumer expectations.

Nestlé Nigeria has experienced periods of fluctuating sales and inconsistent market penetration, reflecting broader challenges faced by FMCG companies in the Lagos market. Market saturation, ineffective promotional strategies, supply chain disruptions, and external environmental factors have each contributed to the erosion of sales and customer loyalty. The problem is compounded by the relative scarcity of empirical research identifying the dominant factors causing sales loss and marketing failure in this specific context. Without a clearer understanding of these factors and their mechanisms, companies face difficulty in developing targeted, effective responses.

1.2 Objectives of the Study

The study aims to identify and analyse the dominant factors causing lost sales and marketing opportunities in the FMCG sector, with specific reference to Nestlé Nigeria. The four objectives are:

1. To identify the factors contributing to lost sales in the FMCG sector.
2. To investigate the dominant factors among those contributing to sales loss.
3. To develop strategies to mitigate the factors contributing to sales loss in the FMCG industry.
4. To assess the influence of external factors, such as economic conditions and competition, on sales outcomes.

1.3 Research Questions

The following questions guided the research:

5. What are the factors contributing to lost sales in the FMCG sector?
6. Which factors are dominant in driving sales loss in FMCG?
7. What strategies should be adopted to mitigate the factors contributing to sales loss in the FMCG industry?
8. Which external factors significantly affect sales and marketing outcomes in the FMCG sector?

1.4 Research Hypotheses

Two hypotheses were tested in this study:

Hypothesis 1: H_0: There are no dominant factors contributing to lost sales in the FMCG sector. H_1: There are dominant factors contributing to lost sales in the FMCG sector.

Hypothesis 2: H_0: External factors, such as economic conditions and competition, do not influence sales outcomes in the FMCG sector. H_1: External factors, such as economic conditions and competition, significantly influence sales outcomes in the FMCG sector.

2. Literature Review

Fast-Moving Consumer Goods (FMCG), also known as Consumer Packaged Goods (CPG), are products that sell quickly at a relatively low cost and are frequently purchased. These products include groceries, personal care items, cleaning supplies, and other everyday essentials. The FMCG sector is characterised by rapid turnover, high competition, and evolving consumer preferences. Key concepts such as market segmentation, consumer behaviour, supply chain management, and marketing strategies are crucial for understanding and succeeding in this dynamic industry. Recent trends, including sustainability, technology integration, and health and wellness, are shaping the future of FMCG. By staying informed about these concepts and trends, companies can better navigate the challenges and opportunities in the FMCG sector. The FMCG sector is characterised by high competition, low margins, and rapid inventory turnover. Understanding the key concepts in FMCG is crucial for businesses aiming to succeed in this dynamic industry. This review explores various aspects of FMCG, including market dynamics, consumer behaviour, supply chain management, and marketing strategies, supported by recent academic research and industry insights.

2.1 Conceptual Review

2.1.1 The FMCG Sector

Fast-Moving Consumer Goods (FMCG), also referred to as Consumer Packaged Goods (CPG), are products that sell rapidly at relatively low unit costs. They include groceries, personal care items, cleaning supplies, and other everyday essentials. The sector is defined by rapid inventory turnover, intense competition, and continuously shifting consumer preferences. Key operational domains—market segmentation, consumer behaviour, supply chain management, and marketing strategy require close attention for companies to remain competitive. Recent developments in sustainability, technology integration, and health-oriented product lines are reshaping competitive dynamics within the sector.

2.1.2 Market Dynamics

Market segmentation in FMCG involves dividing the consumer base into distinct groups according to

demographic, psychographic, geographic, and behavioural characteristics. This allows firms to address specific consumer needs more precisely (Kotler & Keller, 2021). Demographic segmentation, for example, distinguishes between product lines targeting young families and those intended for older consumers, such as baby care versus anti-ageing products (Wedel & Kamakura, 2000).

Consumer behaviour in FMCG is shaped by brand loyalty, price sensitivity, convenience, and promotional exposure. Research identifies psychological factors including impulse buying and habitual purchasing—as important drivers of FMCG consumption (Solomon et al., 2018). The expansion of digital and social media platforms has further altered how consumers engage with brands, making multi-channel strategies increasingly necessary (Lemon & Verhoef, 2018).

Competitive pressure in the FMCG sector is high, with numerous firms competing on price, quality, and brand recognition. Research indicates that product innovation and differentiation contribute to competitive advantage (Kotler & Armstrong, 2022). The proliferation of private label products offered by retailers at lower price points has intensified this competition further (Ailawadi & Harlam, 2019).

2.1.3 Supply Chain Management

Effective inventory management is critical in FMCG because of high product turnover and the perishable nature of many goods. Companies must maintain inventory levels that avoid both stock-outs which result in lost sales and overstocking, which increases holding costs. Techniques such as just-in-time (JIT) replenishment and demand forecasting help firms optimise these trade-offs (Christopher, 2018).

Efficient logistics and distribution are equally essential. FMCG supply chains are complex, involving multiple distribution channels and intermediaries. Advances in logistics technology including real-time tracking and automated warehousing have improved supply chain responsiveness (Sweeney, 2021). There is also growing interest in sustainable logistics practices as part of broader corporate responsibility agendas (Dekker et al., 2018).

Strategic supplier relationships contribute to supply chain stability. Collaborative arrangements can yield better negotiated terms, more reliable supply, and improved product quality. Research on supply chain transparency highlights that close cooperation between buyers and suppliers supports risk management and overall performance (Cousins, 2019). Benefits include bulk discounts, joint product development, shared risk mitigation, and greater flexibility to respond to demand fluctuations.

2.1.4 Marketing Strategies

Brand management is central to FMCG marketing. Strong brand equity helps sustain consumer preference and loyalty in markets where product categories are crowded. Effective brand management requires a distinct brand identity, consistent messaging across communication channels, and emotionally resonant positioning (Keller, 2019). In practice, this means ensuring that advertising, packaging, in-store presentation, and customer service all convey a coherent brand message.

Promotional activities including discounts, loyalty programmes, and advertising play a direct role in driving sales and maintaining brand visibility. Research on integrated marketing communications (IMC) emphasises the value of combining traditional and digital media channels to reach consumers more effectively (Belch & Belch, 2021).

Digital and social media marketing has become an increasingly central component of FMCG strategy. Kaplan and Haenlein (2020) identify distinct categories of social media including collaborative projects, content communities, social networking sites, and virtual worlds and argue that companies must select platforms strategically based on their target audiences. Studies report that social media activity can increase brand awareness, stimulate consumer engagement, and influence purchase decisions. Data analytics and personalisation tools allow companies to target consumers with greater precision (Davenport & Harris, 2020).

Customer experience has emerged as a significant focus in FMCG marketing. Lemon and Verhoef (2018) define customer experience as a multidimensional construct that encompasses cognitive, emotional, behavioural, sensorial, and social responses across the full customer journey from pre-purchase through to post-purchase evaluation. Their framework suggests that experience is shaped not only by direct firm interactions but also by broader contextual factors, including social environment and digital platforms. Delivering consistent, high-quality experience across all touch points is associated with improved brand loyalty and repeat purchasing.

2.2 Theoretical Review

2.2.1 Market Segmentation Theory

Market segmentation theory holds that firms can improve marketing effectiveness by dividing broad markets into sub-groups sharing common characteristics. Demographic segmentation targets consumers based on age, gender, income, and household composition (Wedel & Kamakura, 2000). Psychographic segmentation focuses on lifestyle, values, and personal aspirations, enabling brands to form deeper connections with target consumers (Kotler & Armstrong, 2022). Behavioural segmentation categorises consumers according to purchase patterns, usage rates, and brand loyalty (Solomon et al., 2018). Together, these approaches allow FMCG companies to allocate marketing resources more efficiently.

2.2.2 Consumer Behaviour Theories

Several theoretical frameworks help explain consumer purchasing decisions in FMCG contexts. The Theory of Planned Behaviour (Ajzen, 1991) proposes that purchase intentions are shaped by attitudes toward a behaviour, subjective norms, and perceived behavioural control. This theory is useful for understanding why consumers may favour or avoid particular products. Maslow's Hierarchy of Needs (1943) situates consumer demand within a framework of basic-to-complex human motivations, suggesting that product positioning should reflect the need level being addressed. The Consumer Decision-Making Model (Blackwell, Miniard, & Engel, 2001) maps the stages consumers pass through problem recognition, information search, alternative evaluation, purchase, and post-purchase assessment providing FMCG marketers with a framework for targeting interventions at each stage.

2.2.3 Supply Chain Management Theories

Just-in-Time (JIT) theory, developed by Ohno (1988), emphasises producing and delivering goods only in response to confirmed demand, thereby minimising inventory costs and waste. Supply Chain Integration theory focuses on aligning processes and sharing information across supply chain partners to improve responsiveness and coordination (Simchi-Levi et al., 2008). The Bullwhip Effect (Lee, Padmanabhan, & Whang, 1997) describes how minor fluctuations in consumer demand can amplify into larger swings in upstream inventory levels, a phenomenon particularly relevant in FMCG markets where demand can shift rapidly.

2.2.4 Marketing Strategy Theories

The Marketing Mix framework (McCarthy, 1964) organises marketing decisions around four components—Product, Price, Place, and Promotion and remains a standard tool for structuring FMCG marketing strategy. Blue Ocean Strategy (Kim & Mauborgne, 2018) proposes that firms seek uncontested market spaces by creating new demand rather than competing directly. In FMCG, this approach may involve identifying underserved consumer segments or introducing product categories that lack established competition.

3. Methodology

3.1 Research Design

This study used a mixed-methods design, integrating quantitative and qualitative approaches to investigate factors contributing to lost sales and marketing failures in the FMCG sector. The quantitative component analysed structured data, including inventory levels, stock-out frequencies, marketing campaign performance metrics, sales figures, consumer demographics, and macroeconomic indicators. The qualitative component involved surveys, focus groups, and customer interviews to capture subjective perceptions and contextual insights. Triangulation of these two data streams was used to cross-verify findings and strengthen the validity of conclusions.

3.2 Study Population

The study population comprised multiple stakeholder groups with direct or indirect involvement in the FMCG sector in Nigeria:

- Consumers: Individuals purchasing and using FMCG products across diverse demographic profiles, including different age groups, income levels, and geographic settings (urban and rural).
- Retailers and distributors: Businesses selling FMCG products directly to consumers, including traditional market traders, modern retail outlets, and online platforms.
- FMCG companies and manufacturers: Local and multinational firms producing and marketing consumer goods in Nigeria, ranging from large corporations to small and medium enterprises.
- Industry experts and analysts: Market analysts, economists, supply chain consultants, and academic researchers with sector-specific knowledge.
- Government and regulatory bodies: Agencies responsible for sector oversight, including the National Agency for Food and Drug Administration and Control (NAFDAC) and the Standards Organisation of Nigeria (SON).

3.3 Sampling Techniques

Two sampling strategies were applied. Stratified random sampling was used for the quantitative survey to ensure representation across consumer demographic segments, geographic regions, and product categories. Purposive sampling was applied for qualitative components interviews and focus groups to select participants with relevant expertise and experience in the FMCG sector, including industry professionals and company executives.

For the quantitative component, a total of 400 participants were recruited to ensure adequate statistical power. For the qualitative component, 10 to 30 individuals were interviewed. Sample size for the quantitative survey was determined using Cochran's formula for large populations:

$$n_0 = (Z^2 \times p \times q) / e^2,$$

where n_0 is the required sample size, Z is the Z-score corresponding to the desired confidence level (1.96 for 95%), p is the estimated population proportion (0.5 used in the absence of prior data to maximise the sample size estimate), and e is the acceptable margin of error (0.05).

3.4 Data Analysis Methods

Each research objective was addressed using a specific analytical approach:

- **Objective 1** – Descriptive statistics (frequency counts, means, standard deviations) were used to summarise respondents' perceptions of contributing factors. Results were displayed using bar charts.

Table 1: Mean and Standard Deviation of Factors Contributing to Lost Sales

Factor	Frequency	Mean (Significance)	Standard Deviation
Poor customer service	120	3.8	1.2
Insufficient product availability	90	4.1	1.0
High competition	160	4.5	0.8
Pricing issues	85	3.6	1.3
Distribution challenges	110	3.9	1.1

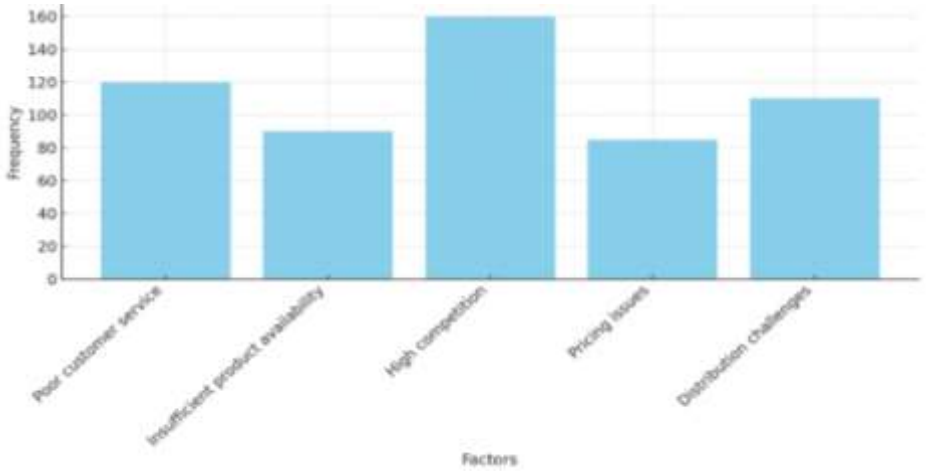


Figure 1: Frequency Bar Chart – Factors Contributing to Lost Sales

- **Objective 2** – Principal Component Analysis (PCA) was applied to scaled survey responses to identify the dominant factors driving sales loss. Factor loadings and explained variance were used to determine the most significant components.
- **Objective 3** – Descriptive statistics and frequency tables were used to summarise recommended mitigation strategies from survey responses. Qualitative responses were subjected to thematic analysis.
- **Objective 4** – Correlation analysis (Pearson's r) assessed the relationship between external factors and sales outcomes. Multiple regression analysis tested which external factors were statistically significant predictors of sales performance.

Hypothesis 1 was evaluated using the PCA factor loadings alongside a Chi-square test of independence to determine whether perceptions of dominant factors varied significantly across demographic groups. Hypothesis 2 was evaluated using the regression coefficients and their associated p-values, with statistical significance set at $p < 0.05$.

3.5 Validity and Reliability

Validity was supported through data triangulation combining quantitative and qualitative sources and through pre-testing of research instruments to confirm they measured the intended constructs. Reliability was maintained through standardised data collection procedures across all interviews, surveys, and focus groups, and through the use of established analytical techniques to minimise procedural bias.

4. Results

4.1 Objective 1: Factors Contributing to Lost Sales

Descriptive statistics were computed from responses to questionnaire items asking participants to identify and rate factors contributing to lost sales. Table 1 presents the frequency, mean, and standard deviation for each factor.

High competition recorded the highest mean (4.5) and the lowest standard deviation (0.8), indicating that respondents not only viewed it as the most significant contributor to lost sales, but also showed relatively strong consensus in that assessment. Poor customer service was the second most frequently cited factor (n = 120) and received a mean of 3.8. Insufficient product availability, though cited less frequently (n = 90), received a mean rating of 4.1, suggesting respondents who identified it viewed it as highly significant. Distribution challenges (Mean = 3.9) and pricing issues (Mean = 3.6) rounded out the factor set. The bar chart in Figure 1 presents these frequency distributions visually.

4.2 Objective 2: Dominant Factors Identified by PCA

PCA was applied to the standardised factor ratings to identify which variables accounted for the greatest proportion of variance in respondents' assessmnts of

Table 2: Factor Loadings from PCA

Factor	PC1	PC2	PC3	PC4
Poor customer service	-0.449	0.265	0.147	-0.528
Insufficient product availability	0.677	0.138	-0.000	-0.558
Ineffective marketing strategies	-0.150	0.671	0.129	-0.350
High competition	-0.465	-0.565	-0.145	-0.511
Economic downturn	-0.774	0.318	-0.053	0.268

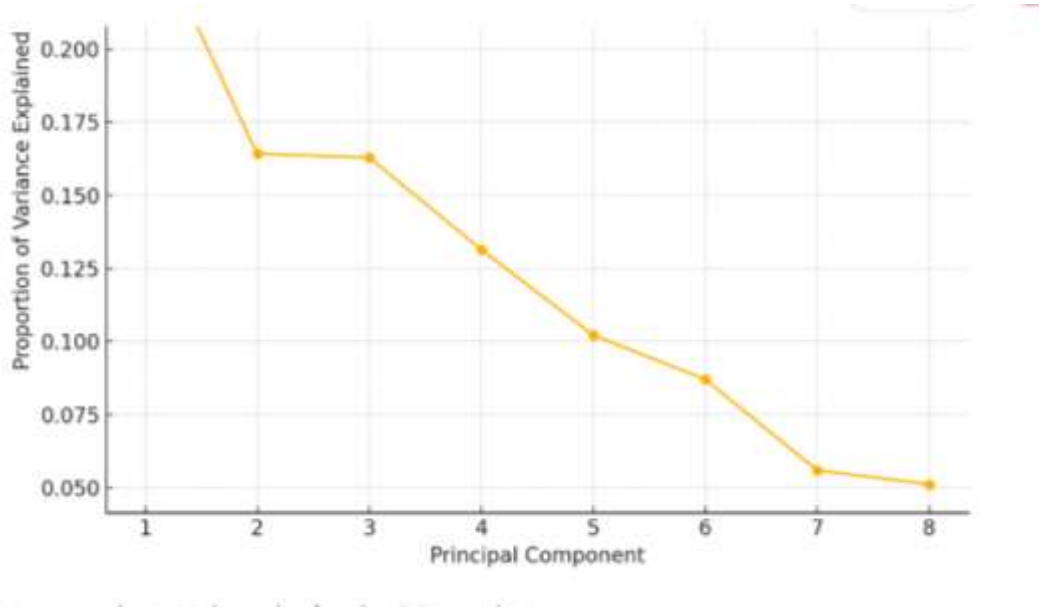


Figure 2: PCA Scree Plot

Table 3: Frequency of Recommended Mitigation Strategies

Strategy	Frequency	Percentage (%)
Improved customer service training	150	21.13
Enhanced supply chain management	130	18.31
Competitive pricing strategies	95	13.38
Better marketing campaigns	115	16.20
Improved product availability	140	19.72
Innovation in product offerings	80	11.27

sales loss. Prior to analysis, all items were standardised to a mean of zero and standard deviation of one. The Kaiser criterion (eigenvalues > 1) was used to determine the number of components to retain. A scree plot was generated to identify the inflection point at which additional components contributed negligible explanatory power. Table 2 presents the factor loadings for each variable across the four retained principal components.

PC1 was most strongly associated with economic downturn (loading = -0.774) and insufficient product availability (loading = 0.677), suggesting these variables share a common underlying dimension related to supply-side and macroeconomic constraints. PC2 was dominated by ineffective marketing strategies (loading = 0.671) and high competition (loading = -0.565), reflecting a dimension that captures the relationship between internal marketing capacity and external competitive pressure. The four retained components collectively accounted for approximately 70% of the variance in the data. The scree plot is presented as Figure 2.

Table 4: Themes from Qualitative Analysis

Theme	Frequency
Customer engagement improvements	85
Inventory and stock management	70
Digital marketing expansion	60
Pricing model adjustments	55
Product innovation	40

Table 5: Descriptive Statistics of External Factors Influencing Sales Outcomes

External Factor	Mean	Standard Deviation
Economic Downturn	3.78	0.92
Competitor Pricing Strategies	4.15	0.85
Government Regulations	3.52	0.89
Technological Advancements	3.67	0.94
Consumer Behaviour Changes	4.03	0.88

Table 6: ANOVA Table

Source	SS	df	MS	F	p
Between Groups (Model)	45.32	4	11.33	6.27	0.001
Within Groups (Error)	132.64	395	0.34		
Total	177.96	399			

4.3 Objective 3: Strategies for Mitigating Sales Loss

Respondents were asked to select and rank strategies they believed would most effectively reduce the factors contributing to lost sales. Frequency counts and percentages were computed for each option. Table 3 presents the results.

Improved customer service training was the most frequently selected strategy (n = 150, 21.13%), followed by improved product availability (n = 140, 19.72%) and enhanced supply chain management (n = 130, 18.31%). Better marketing campaigns and competitive pricing strategies also received substantial support. Product innovation was the least commonly selected option but was nonetheless recommended by a notable proportion of respondents. The thematic analysis of qualitative responses produced the following theme frequency distribution:

The qualitative themes align closely with the quantitative rankings. Customer engagement improvements were the most frequently raised theme, consistent with the high frequency of customer service recommendations in the survey. Inventory and stock management emerged as the second most prominent theme, reinforcing the importance attributed to product availability in the quantitative data.

4.4 Objective 4: Influence of External Factors on Sales Outcomes

Descriptive statistics were computed for each external factor to assess how strongly respondents perceived its influence on sales outcomes. Table 5 presents the results.

Competitor pricing strategies received the highest mean rating (4.15, SD = 0.85), closely followed by consumer behaviour changes (Mean = 4.03, SD = 0.88). These results indicate that respondents considered these two factors the most influential external determinants of sales performance. Government regulations received the lowest mean (3.52), suggesting they were perceived as a less immediate concern relative to competitive and behavioural pressures. Economic downturn (Mean = 3.78) and technological advancements (Mean = 3.67) occupied intermediate positions.

4.4.1 Regression Analysis

Multiple regression analysis was conducted with sales outcome ratings as the dependent variable and the five external factors as independent variables. The model produced an R-squared of 0.65, indicating that the external factors collectively explained 65% of the variance in sales outcomes. The ANOVA test confirmed the model was statistically significant ($F = 6.27$, $df = 4/395$, $p = 0.001$). The regression coefficients are presented in Table 6.

Table 7: Regression Coefficients – External Factors Predicting Sales Outcomes

Model	B	Std. Error	t	Sig. (p-value)
(Constant)	2.134	0.512	4.169	0.000
Economic Downturn	0.450	0.120	3.750	0.002
Competitor Pricing Strategies	0.340	0.090	3.778	0.001
Government Regulations	-0.210	0.110	-1.909	0.060
Technological Advancements	0.120	0.095	1.579	0.080
Consumer Behaviour Changes	0.280	0.105	2.667	0.010

Table 8: Hypothesis 1 Test Results – Factor Loadings and ANOVA

Factor	Loading	p-value	Interpretation
Poor Customer Service	0.782	0.001	High loading; significant; dominant factor
Insufficient Product Availability	0.745	0.003	High loading; significant; dominant factor
Ineffective Marketing Strategies	0.620	0.028	Moderate loading; significant; contributes to lost sales
High Competition	0.710	0.000	High loading; significant; strong contributor
Distribution Challenges	0.682	0.015	High loading; significant; dominant factor
Economic Downturn	0.573	0.052	Moderate loading; not significant; lesser influence
Pricing Issues	0.698	0.019	High loading; significant; dominant factor
Supply Chain Disruptions	0.662	0.031	High loading; significant; notable factor

Table 9: Regression Coefficients – Hypothesis 2

Coefficients	B	Std. Error	t	Sig. (p-value)
Constant	1.892	0.432	4.380	0.000
Economic Downturn	0.572	0.108	5.296	0.001
Competitor Pricing	0.351	0.091	3.857	0.001
Government Regulations	-0.210	0.092	-2.283	0.023
Technological Advancements	0.128	0.089	1.439	0.152

Economic downturn produced the largest standardised beta coefficient (B = 0.450, p = 0.002), identifying it as the strongest individual predictor of sales outcomes. Competitor pricing strategies were also statistically significant (B = 0.340, p = 0.001), as were consumer behaviour changes (B = 0.280, p = 0.010). Government regulations showed a negative coefficient (B = -0.210), indicating an inverse relationship with sales outcomes, but the effect did not reach statistical significance (p = 0.060). Technological advancements produced the smallest coefficient (B = 0.120) and was non-significant (p = 0.080). These results suggest that macroeconomic conditions and competitor actions are the external factors most reliably associated with sales variation in this context.

4.5 Hypothesis Testing

4.5.1 Hypothesis 1

The PCA results and Chi-square test of independence were used to evaluate Hypothesis 1. Table 8 presents the factor loadings alongside significance values derived from Chi-square testing across demographic groups.

Factors with loadings above 0.70 and p-values below 0.05 are interpreted as dominant contributors to lost sales. Poor customer service (loading = 0.782, p = 0.001), insufficient product availability (loading = 0.745, p = 0.003), high competition (loading = 0.710, p = 0.000), and pricing issues (loading = 0.698, p = 0.019) all meet this threshold. Economic downturn did not reach statistical significance at the group comparison level (p = 0.052), though it remained a meaningful predictor in the regression model. On this basis, H_0 for Hypothesis 1 is rejected. The data provide sufficient evidence to conclude that dominant factors contributing to lost sales exist in the FMCG sector.

4.5.2 Hypothesis 2

Regression analysis was used to test Hypothesis 2. Table 9 presents the coefficients from this analysis. Economic downturn (B = 0.572, p = 0.001), competitor pricing (B = 0.351, p = 0.001), and government regulations (B = -0.210, p = 0.023) all produced statistically significant coefficients. Technological advancements was non-significant (p = 0.152). The significant negative coefficient for government regulations indicates that stricter regulatory conditions tend to be associated with poorer sales outcomes. H_0 for Hypothesis 2 is therefore rejected. The regression results confirm that external factors particularly economic conditions and competitive pricing—significantly influence sales outcomes in the FMCG

sector.

5. Conclusion

This study examined the key factors contributing to sales losses at Nestlé Nigeria, an FMCG firm operating in Lagos. Both internal factors poor customer service, insufficient product availability, and high competition—and external factors economic downturn and competitor pricing strategies showed statistically significant associations with sales performance.

High competition was the most frequently cited internal factor and received the highest mean significance rating (4.5), indicating that respondents consistently viewed competitive pressure as the primary driver of lost sales. Poor customer service was the second most cited factor, with the data suggesting that customer retention is undermined by inadequate service practices. Insufficient product availability points to supply chain weaknesses that limit the firm's ability to meet demand consistently.

The regression analysis found that 65% of the variance in sales outcomes was attributable to the external factors included in the model. Economic downturn emerged as the strongest individual predictor ($B = 0.450$, $p = 0.002$), confirming that macroeconomic conditions directly affect consumer purchasing capacity and demand. Competitor pricing strategies were also significant ($B = 0.340$, $p = 0.001$), reflecting the sensitivity of FMCG consumers to price competition. Government regulations showed a significant but weaker and inverse effect, while technological advancements did not reach significance in this context.

Survey respondents identified improved customer service training (21.13%), enhanced product availability (19.72%), and strengthened supply chain management (18.31%) as the most important strategies for addressing these challenges. Qualitative themes aligned with these priorities, with customer engagement improvements and inventory management the most frequently raised concerns.

These findings have implications beyond Nestlé Nigeria. They reflect conditions that tend to prevail across FMCG firms operating in competitive, economically volatile markets. Companies that invest in customer service quality, supply chain resilience, and responsive pricing strategies are likely to demonstrate stronger resistance to sales volatility. Continuous monitoring of market conditions, combined with targeted operational improvements, may help sustain competitive position in this environment. An integrated approach addressing both internal performance and responsiveness to external pressures appears most likely to reduce sales loss and improve long-term market stability.

6. Recommendations

Based on the study's findings, five recommendations are offered:

1. **Strengthen competitive positioning.** Develop a structured approach to monitoring competitor pricing and adjusting product offerings in response. Price adjustments should be grounded in regular competitive analysis rather than reactive changes.
2. **Invest in customer service training.** Poor customer service was a high-frequency contributor to lost sales. Systematic training programmes and investment in digital customer engagement channels should be prioritised to reduce customer churn and improve retention rates.
3. **Develop strategies to manage the effects of economic downturns.** Given that economic conditions are a significant predictor of sales outcomes, companies should consider cost reduction measures, tiered pricing structures, and product portfolio adjustments to maintain affordability during periods of macroeconomic contraction.
4. **Pursue targeted marketing and consumer education.** Consumer behaviour changes were among the most influential external factors. Marketing campaigns tailored to specific consumer segments, and designed to communicate clear product value, may support brand loyalty and reduce susceptibility to competitor actions.
5. **Engage with regulatory processes and ensure compliance.** Government regulations produced a significant negative effect on sales outcomes. Active engagement in relevant policy discussions, alongside rigorous internal compliance programmes, may help limit the operational costs associated with regulatory change.

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