

MODULE FIVE: MARKET REQUIREMENTS

The marketing strategy

This is a consciously well formulated plan that describes how the new venture will compete with the existing products in the market.

It focuses the business enterprise on a target market to fill the gap or create a niche.

A well formulated marketing strategy provides guidelines for the entrepreneur concerning-:

- The expected results: It gives you an assurance of how much you are to get from your business in terms of returns;
- Allocation of resources: How much resources do you need and how to allocate them in order to efficiently start and manage your business successfully while meeting customer's needs perfectly.
- Responsibilities for marketing: It clearly lays down what should be done during marketing of the company or business products to ensure attraction of many customers as possible to the consumption of the goods and services offered.
- Ways of controlling the enterprise. Control is aimed at keeping the performance gearing forces at their peak. For example how will you ensure quality of the products, respond to change and ensure customer satisfaction in terms of always meeting their needs perfectly?

3.2 The marketing Plan

Solidifies/strengthens the marketing strategy by defining customers, sales forecasts and marketing objectives;

It synthesizes/converts market research and the entrepreneur's strategy into a blueprint/plan for action.

The plan is implemented through a marketing programme, which addresses the marketing activities, decisions regarding product, the price, the promotional activities and the placement activities.

The steps in preparing the marketing plan

- **Define the business situation.** What business are you in, its mission, vision, goals and objectives and how to manage it successfully in relation to the contribution of marketing;
- **Define target market, opportunities and threats.** Who are the customers you want serve or you are serving. What are the opportunities in terms of their

growth in demand and challenges or threats in terms of competition from other businesses?

- Consider strengths and weaknesses. In which areas are you strong for example are you quality conscious, are you based on innovations to always come up with new goods and services. What are your weaknesses in comparison to your competitors? In other words this is to help you better position yourself against competitors; which gives you an advantage to dominate the market.
- Establish goals and objectives. Set targets to achieve and follow them. These objectives must be SMART. These must also be accompanied by the strategies to achieve them.
- Define marketing strategy. A strategy is a means to achieve the objectives or targets set. So in this case you have come up with clear means to successfully achieve the company's marketing targets.
- Coordinate, budget, implement and monitor.
 - ✓ To coordinate means to organize or make sure that all the activities in the marketing plan are done effectively and efficiently.
 - ✓ A budget is an estimated income and expenditure of a given activity. Therefore at this point you have to make sure that you estimate how much you need to invest and how much you will get as returns based on the marketing plan of all the company products and services.
 - ✓ To implement is to put into action the designed plan hoping to achieve the desired goals and objectives.
 - ✓ To monitor is to give a follow up to make sure that the implementation is in line with the plan. It is to ensure consistency between all the activities and the plan.

Why some plans fail

- Poor implementation
- Limited resources
- Lack of a real plan
- Lack of adequate situation analysis
- Unrealistic goals
- Unanticipated competitive moves, product deficiencies, and acts of God;

The Marketing Mix

The term marketing mix refers to the apportionment of effort, combinations, designing and integration of all elements of marketing into a single programme aimed at achieving the objective of a business enterprise.

The term is used to describe the combination of the four inputs which constitute a marketing system (4ps)

The 4 Ps

The marketing mix denotes a combination of the various elements which in their totality make up a marketing system i.e. the product, the price, the place and promotion.

THE PRODUCT

The product element of the marketing mix involves the planning, designing and developing the right type of the product or service to meet the customer satisfaction.

The main decisions involve: **The product size, the product quality, the product design, the product range, the product volume, the product packaging, the brand name and label, the product warranties and after sale service.**

The product element of the marketing mix strives to establish.

a) A product Policy

The product policy is a principal of operation on the production process of a given product adopted by the management to guide those who carry out the action. It sets out the objectives to be achieved and also the limits within which the management has to operate.

The main functions of a product policy are to guide the activities of the firm towards its common goals which include:

- Considerations of the product mix. How many products do you want to produce and which among these are the core products or services.
- Considerations of the rate nature and direction in changes in demand. What is the trend of customer's demand and changes in their needs and preferences?
- Product elimination and new product development. When are considered no longer important for the business and how to go about development of new products to keep in business. This calls for creativity and innovation.
- The product policies engage in product planning, development, production, marketing, volume of production, timing e.t.c
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b) Product Mix

A product mix lists all products offered for sale by a company which details three diminutions of a product namely;

- **The product breadth:** This is measured by the number of variety of products manufactured by a single firm e.g. The Panasonic Company making TVs, fridges, radios, DVDs e.t.c
- **The product consistency:** Refers to the close relationship of different product lines either to their end distribution channel e.t.c e.g. the Toyota Company produces those goods which fall under motor vehicles and therefore consistency is seen unlike Unilever.
- **The product depth:** Refers to the assortment of size, colour and models with each line e.g. the Toyota car.

THE PRICE

Pricing the product is an important element of the marketing mix.

Price is the value or sum of money which is charged by the supplier of a product or service from the buyer.

The financial price is the measurement of value and has the following importance.

- Economic value: because it relates to the generation of product revenue.
- Profits: through price profit cost and revenue elements are measurable.
- Product quality: price gives indication of the product quality.
- The psychological element: price has a psychological influence in the market i.e high prices co-relate to superiority.
- Corporate goals: are achievable through pricing decisions especially in formulating marketing strategies
- Meeting consumer expectations is measurable through price.

PLACE

Also known as distribution of goods physically: This component of the marketing mix is concerned with linking the seller and the buyer;

It involves the elements of: The channels of distribution, the transport means, the warehousing, and the routing of the product.

PROMOTION

A product promotion is the act of providing information about a product to its prospective users in order to persuade them to buy, enjoy or choose the product.

Any product promotional message usually includes information which shows;

- That the product exists
- That the product has ability to satisfy a particular want
- The physical location where the product can be obtained or enjoyed
- The qualities that the product can be obtained or enjoyed
- The quantities that the product can be obtained

- The times when the product can be obtained
- The price of the product
- Exam quest, briefly explain what entails a promotional message.

The importance of product promotion

- ✓ To inform potential customers about the existence qualities and other important details regarding a product
- ✓ To convince or persuade existing customers to continue buying the product and potential customers to choose it
- ✓ To establish a business image or goodwill among the existing and prospective customers
- ✓ To facilitate more sales revenue

Methods of Product Promotion

There are five main ways of promoting products namely

Advertising

Personal selling

Sales promotion

Publicity

Public relations

a) Advertising

Refers to drawing attention to or describing a product in a public medium e.g. newspapers, radio, television e.t.c

Reasons for Advertising

- To introduce new products
- To stimulate desire for more quantities of the product
- To persuade the public to buy the product
- To explain new uses of a product
- To remind customers of the existing product
- To explain new used of a product
- To create recognition of a particular brand of products
- To maintain the products name or slogan in public
- To prepare way for sales persons in selling `
- To remove any bias that customers may have developed about the product.
- To inform customers of new prices, packaging changes or any other changes
- To supplement the efforts of salesmen
- To reach out for few markets.

Types of Advertising

Any advert may be classified on the basis of:

Product advertising: which basically promotes the sale of a particular brand of a product no mention of the manufacturer and emphasis is on the product e.g Accountancy profession”

Institutional advertising: tends to focus on creating a positive attitude on the business producing or providing the product / service emphasis in on the institution.

Primary demand advertising: targets demand stimulation for arrange of products without mentioning a specific brand or manufacturer e.g Adidas products or GNLD products.

Celebrity advertising: the advert uses a famous personality to enclose the use of a given product. The aim is to use these people to attract attention.

Corrective advertisement: seeks to correct errors or misleading claims made in an earlier advertisement.

Advertising Media

An advertising media is the means through which an advertised message is conveyed to the members of the public who are consumers.

The following are some of types of media available to advertisement.

The press e.g newspapers; Posters; Billboards; Brochures; Shopping news; Radio; Television;

Neon signs e,t.c

Factors which determine choice of an advertising medium

The intended target group: The nature of the target group in terms of habits customers age, e,t.c will determine choice of the right medium.

The physical characteristics: The mediums physical characteristics i.e visual aspects, colour, movement's e.t.c.

Media circulation: Where an advertiser aims to reach countrywide cliental, choice of a nationwide media is necessary.

Cost of advertising: Should be affordable and that they should be reasonable compared to the returns.

Urgency of the advertisement: Urgent and quick adverts may require mediums such as Radio , TV e.t.c

Advantages of advertising

To the advertiser (business enterprise)

It provides a business enterprise with opportunity to inform the public on what they offer.

It stimulates demand for a product thereby increasing sales and the sellers profits.

Acts as a reminder to customers of the existing products;

Helps sustain brand loyalty

It quickens brand recognition

Enables quick access and purchase of the product after knowledge of placement and quantities;

To the customer

It increases customers' awareness of a new product

Helps indicate the variety of products available in the market facilitating choice

Leads to better quality products due to competition

Leads to increased quantities being produced

Disadvantages

To the advertiser

A costly method of promoting products

Where offensive or erroneous may be negative

One can be sued where advert is misleading.

Competitive advertising may cause a seller to be pushed out of business.

Difficulty due to existence of several media;

To the customer

Advertising costs are normally borne by the consumer

Misleading especially where there is consumer ignorance

Encourage impulse or irrational buying

Some adverts are irritating, anti-cultural and offensive.

b) Sales Promotion

Sales promotion refers to the strategies and incentives which are aimed at promoting the purchase of a given product.

The sales promotion strategies are divided into two namely.

The strategies aimed at the customer directly these include

Direct mail i.e cards, postcards e.t.c

Gifts and other premiums e,g soap, toothbrushes

Discounts

Displays e,g supermarket

Credit facilities

Use of loss leaders: one good is sold cheap to attract customers.

Use of free samples

After sale services

The strategies aimed at the sales force

- Commissions – money given to dealers
- Commissions – money given to dealers
- Demonstrations models
- Push money- to facilitate movement of the salesmen

- Training
- Provision of point of sale displays

Advantages of Sales Promotion

- Promotion activities persuade and convince potential customers
- Expand the market scope
- Discounts reduce prices for consumers and credits stimulate a greater turn over
- Attracts customers through use of price leaders
- Good will is built by after sales services and sample giving.
- Training and demonstrations remove fear of using a product

Disadvantages of Sales Promotion

- The sales promotional incentives are expensive i.e free sample
- Bad debts may arise from credit facilities
- Time and money consuming for sales services especially
- After sale services ties customers to one seller.

c) Personal Selling

This is the method of promoting:

- Availability of adequate resources for the sales force
- Easy accessible and concentrated markets
- High unit value for the product
- Products whose use needs demonstration
- Suitability of a product to individual need as opposed to general use
- Introduction of new products in the market

Forms of personal Selling

Field sales

Showroom selling

Shows, trade fairs and exhibitions

Advantages of Personal Selling

Presents an opportunity to show the existing and potential customers what is available

It offers the prospective buyers an opportunity to see, examine taste and ask questions about a product – and chance of comparing

The questions from prospective buyers are immediately answered

Immediate contacts are made between sellers and buyers for follow up

Complementary adverts from other mediums e.g advertising

Seller has opportunity to obtain information about the competing products and promotional strategies.

Disadvantages

it is an expensive promotional method – especially where a wide coverage and overseas exhibitions are involved.

Energy and time are consumed on talks convincing and demonstrations

Requires cost controls of sales persons

Has limited coverage as it targets a limited group

d) Publicity

Refers to the free advertising whereby the desire for a product is created or boasted by unpaid for features or presentation in the mass-media (e.g a feature in press)

These features may be solicited for or unsolicited for but remain entirely unpaid for by the business or a news release sent to studio.

Advantages

Builds the sellers goodwill and image among existing and prospective customers

It involves no costs on the side of the seller

Has a large and widespread reach since it conveyed through media.

Has a high creditability as it is reported independently.

Disadvantages

Unfavourable information may be released unknowingly released to the public

Information released is to the discretion of the media house

It is irregular and short – lived hence may not be effective.

e) Public Relations

The term public relations (PR) when used in product promotion refers to the process of communicating information of an organization product. Policies and actions to specific consumer groups or the public at large;

This is done with the view of creating awareness and a positive attitude towards the organization and the product.

It could also be done to correct mis-information or rehabilitate a spoilt image in order to get a satisfied client.

It aims at creating a favourable attitude towards the organization in order to promote acceptance.

Strategies of Public Relations

- **Market research:** The process of gathering recording and analysis information about a market with the view of coming up with the best strategies of selling products in that particular market.
- **Consumer research:** Where activities are concentrated on knowing more about the consumer. The aim is to identify which products have the highest value to the consumer

- **Market segmentation:** Refers to the process of subdividing the market into sections to scope rate various interests of various consumer groups.
- **Product difference:**
- **Branding:**
- **Packaging:**
- **Advantages**
 - Effective in presenting information about the product and policies of an organization
 - Addresses the desired target audience
 - Effective in correcting any mis-information

Disadvantages

- Expensive and therefore requires careful planning in both time and funds
- Impact takes time- hence is a long term.
- Its impact is difficult to gauge.

Factors which may influence an entrepreneur in choosing a promotional method

1. Cost element of each method of promotion should be analyzed in order to suit financial abilities
2. Targeted audience is important in order to address an appropriate combination method.
3. The nature of the product to be promoted i.e those that may require demonstrations and training e.t.c.
4. Urgency of the promotional message.
5. Availability of resources especially the mechanical physical and human resources to implement a promotional mix.
6. Level of demand for the product i.e. where demand is high fewer promotional methods are required
7. The competitor's promotional strategies
8. Availability of media that is most accessible to its customers.