APPROACHES IN THE ANALYSIS OF MARKETING

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WELCOME

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WHY ANALYZE MARKETS?
• Understand my market – what is it
  ◦ Place?
  ◦ Product Vs Customer Cf Seller Vs Buyer
  ◦ Region
A market may be viewed as comprising of people with demand, that is, with both ability and willingness to buy, and is therefore the source of opportunity.
Ability to buy – why would a willing customer not be able to buy?
- being unable to access
- Financial ability
- Compatibility
- Package size
Able?
• Willingness to buy – A state of mind, due to opinions, attitudes, experiences and lifestyles of the people.
Is he willing?
• Define your Market.
• What is its composition in terms of the buyers (customers) in the market?
• Should be based on the needs of the customers, rather than on the basis of the product.
Who are our competitors?
• Understand the environmental trends – these provide opportunities and threats
• Do we know some of these?
Opportunities
- Willing and able consumers
- Modern technology
- A growing market
- Favourable economic environment
- Favourable political environment
Threats
- Intense competition
- Obsolete technology
- Unskilled personnel
- Lack of facilities
• Trends in the market dynamics
The role of research as a basic tool for data gathering

Can I analyze a market without data?

What kind of data do we need?
Need for information
• Reliability of information
  ◦ Can we rely on this?
• Credibility of information.
  ◦ Who gave it?
• Relevance of information
• How current? Time dimension?
• Currency: how current?
• Accuracy: is it accurate?
What to analyze

- Customers
- Competitors
- Market trends
- The environment
• Estimate market potential,
• the total demand for the product category (primary demand) VS demand for particular brand (selective demand)
  cf
• Demand for maize Vs demand for Hybrid 611
Market potential can be estimated by:

1. **Direct derivation** – considering factors in the market place that are associated with the product,
   - Tilling land Vs purchase of Seed?
   - Increased number of farmers buying fertilizer
2 Market estimation – by estimating the number of buyers in the market and the quantity purchased per year.

\[ D = n \cdot q \cdot p \]

where  
\( n \) = no. of buyers in the market,  
\( q \) = quantity purchased per year,  
\( p \) = price
The number? What exactly does this mean?
Numbers matter
• quantity purchased per year? What is the frequency of purchase?
• Is buying only once but very large volume better than many small purchases spread out across the year?
• Price
• What is the significance of price?
END

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