SEED ENTERPRISE MANAGEMENT INSTITUTE (SEMIIs)

Introduction to Marketing

Approaches in analyzing the marketing sector

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The concept of *marketing* revisited

The process of **profitably** bringing goods and services from **producers to consumers**, in the right **form**, and at the right **time** and **place**:

* Seed, not seed-like, in the right packaging, volume and weight, where consumers easily have access, when needed
Three approaches in analyzing the marketing sector

* The functional approach: basic activities to be performed
* The systems or behavioral and institutional approach: number and kind of firms that perform the tasks (structure of the system: interrelations)
* Commodity approach: functions and systems with respect to a particular commodity
For a sustainable and competitive business, it is necessary to analyze the marketing sector of the national (sometimes regional or county) economy.
A marketing function is a fundamental or basic physical process or service required to give a product the form, time, place and possession utility consumers desire (Branson and Norvell 1983).

**Utility:** ability for a commodity to satisfy a need; its usefulness to the consumer
Form utility

* Maize produced for food (flour) to be used as seed?
* 50kg package for a farmer with 1 ha, when the seed rate is 25kg per ha?

Place utility

* The seed in EA Seed and Simlaws Seed company shops along Kijabe Street, Nairobi, for use in Kisumu (350Km away)?
**Time utility**

* Seed available after onset of rains in SSA which majorly depends on rain-fed agriculture?

**Possession utility**

* Seed is not a capital item to lend out; ownership has to be transferred for it to be used

**Various functions, basic and facilitating, must be performed at least once in the system, to create utility** (product, price, promotion, place)
Basic functions of marketing (discuss wrt seed):

- Assembling, grading and storing raw materials
- Processing raw materials into finished products, and packaging the processed products
- Storing processed products
- Distributing products to wholesalers, retailers and consumers
- Transporting products and commodities

Which utility does each create?
Facilitating functions, for advanced societies

* Market research: firms to keep abreast of consumer needs
* Product research and development: improve existing and create new ones
* Development of demand; for high output at lower costs
* Exchange services: price and the process (who)
* Finance and risk bearing: possession utility
* Market information: to improve buying, selling and other decisions

**Note:** not without cost; cost could be spread in large firms
Qns:

* What kind of firms provide the functions just described?
* How are the firms organized within the industry?

Ans:

A marketing system: the sequential set of types or kinds of firms through which a product passes during the marketing process

* Some systems are short and simple while some are long and complex (cf. the chain speech concert)
Factors that determine the particular system (of seed marketing) (Branson & Norvell)

* The number of marketing functions required, and to what extent each can be specialized or combined with others, and performed at lower cost as separate business
* The degree of concentration of raw materials
* The degree of dispersion of buyers and their location
Systems approach (contd.)

- Historical or institutional developments within an industry (maize – Kitale)
- Control by one or a few companies under patented process
- Stage of economic development
- Two or three examples from participants on their countries’ seed systems
Factors affecting individual commodity systems:

* The extent to which internal economies of size exist
* The degree to which a commodity can be differentiated as to quality or appearance
* Spatial isolation of producing areas
* The degree to which a product may be changed in form during processing: product differentiation, brand identification, and emergence of firms
Commodity approach (contd.)

- Volatile high price risks: vertical integration
- The presence or lack of restraints on innovative organization and technology: some governments prohibit vertical integration
- Non-governmental institutional forces
- Technical innovations
Which approach is desirable for seed marketing?