APPROACHES IN THE ANALYSIS OF MARKETING

BY

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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
• To understand customers (Why is this important?)
Know about the competitors (But Why?)

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• Understand the environmental trends – these provide opportunities and threats
• Do we know some of these?
Opportunities
– Willing and able consumers
– A growing market

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– Modern technology

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– Favourable economic environment
– Favourable political environment
• Threats

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• Intense competition
• Obsolete technology

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• Trends in the market dynamics
• Unwilling and unable customers
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?
What to analyze

- Customers
- Competitors
- Market trends
- The environment
Remember

Demand comes from customers who are willing and are able to buy your products

• Is it possible to know these and deal with them?
• **Estimate market potential, ie** 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?
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?
Remember

• The analysis of marketing could be on the basis of
• The functions performed by organization (functional approach)
• Institutional Approach – focusing on the organization
Commodity approach – considering the product itself
• Analysis involves consideration of key market characteristics such as
  - size of the market
  - structure of the market
• Defining the Market
• This involves gaining an understanding of the composition of the market, that is the gaining an understanding of the buyers (customers) in the market.
The definition should be based on the needs of the customers, rather than on the basis of the product. But it is also important to try and match the consumer needs with key product attributes – why do they buy certain products?
• **Identifying Market Characteristics**
• Generally, a good market would be one in which:
• There is good potential for market growth.
• There is few barriers to entry
• Has opportunity for competitive advantage
• There is stability in customer demand.
• No large capital material is required.
• There is good prospects for increased market share
• A high return on investment relative to other markets.
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 – people may be willing but lack ability to buy, perhaps due to lack of resources, being unable to access the product, or having a physical disability, for example, a disabled person cannot buy an ordinary bicycle.
• Willingness to buy – even if people are able to buy, they may not be willing to do so.
• Willingness to buy is a state of mind, and has to do with the opinions, attitudes, experiences and lifestyles of the people.
• To be in a market people must have a desire to buy.
• Conducting a Preliminary Market Assessment – done to pave the way for a more formal analysis of market opportunities.
• It leads to evaluating the marketing opportunity, which is aspired by:
  • Opportunity / threat analysis
  • Strengths/weaknesses analysis
• Strengths and weaknesses relate to the internal environment of the firm, while opportunities and threats relate to the external environment.
Competitor analysis
PESTEL ANALYSIS

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