

Session on Marketing Process and Tracking

SEMI S UoN
Seed Enterprises Management Institute
University of Nairobi

by
Professor Francis N. Kibera, PhD

School of Business
University of University

Telefax: 254-020-4443824

Cell phone: 254-722 513259

Email: profkibera@gmail.com

MARKETING PROCESS AND TRACKING

1. INTRODUCTION

1.1 Definitions:

- Marketing is the **bridge** between production and consumption of goods and services.
- Marketing forms the **vital link** between human needs and the means of satisfying them.

- Marketing is **about doing research** to learn what people want; creating products that people want; pricing them competitively and making it easy for people to buy.
- Marketing is an **activity** that satisfies human needs through exchange processes.

1.2 A simple Marketing System

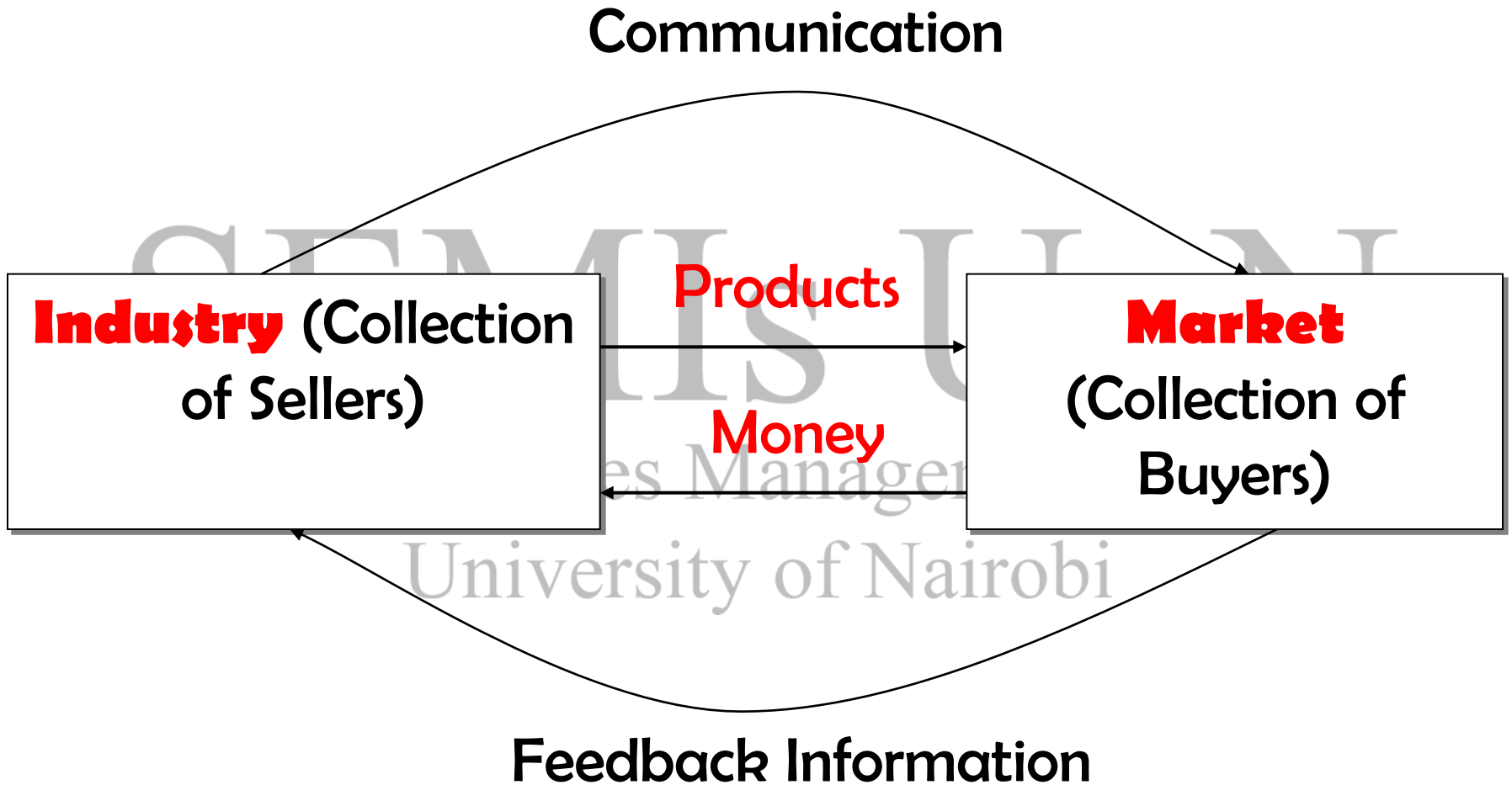


Figure 1: Simple Marketing System

1.3 Marketing Commandments

- Know thy customers/markets.
- Know thy products/services.
- Know thy competitors/collaborators.
- Know the environment/situation analysis.

2. MARKETING PLANNING

2.1 Introduction

- Marketing planning can be defined as:
 - ✓ deciding in advance what to do,
 - ✓ how to do it, and
 - ✓ who is to do it.
- More formally it is defined as a **systematic process** that involves:
 - ✓ the assessment of opportunities and organizational resources,

- ✓ the determination of marketing objectives and of a marketing strategy, and
- ✓ the development of plan for implementation and control.

SEMI'S UoN
Seed Enterprises Management Institute
University of Nairobi

2.2 Steps of Marketing Planning

- Any organization that embarks on marketing planning should start by asking the following questions:

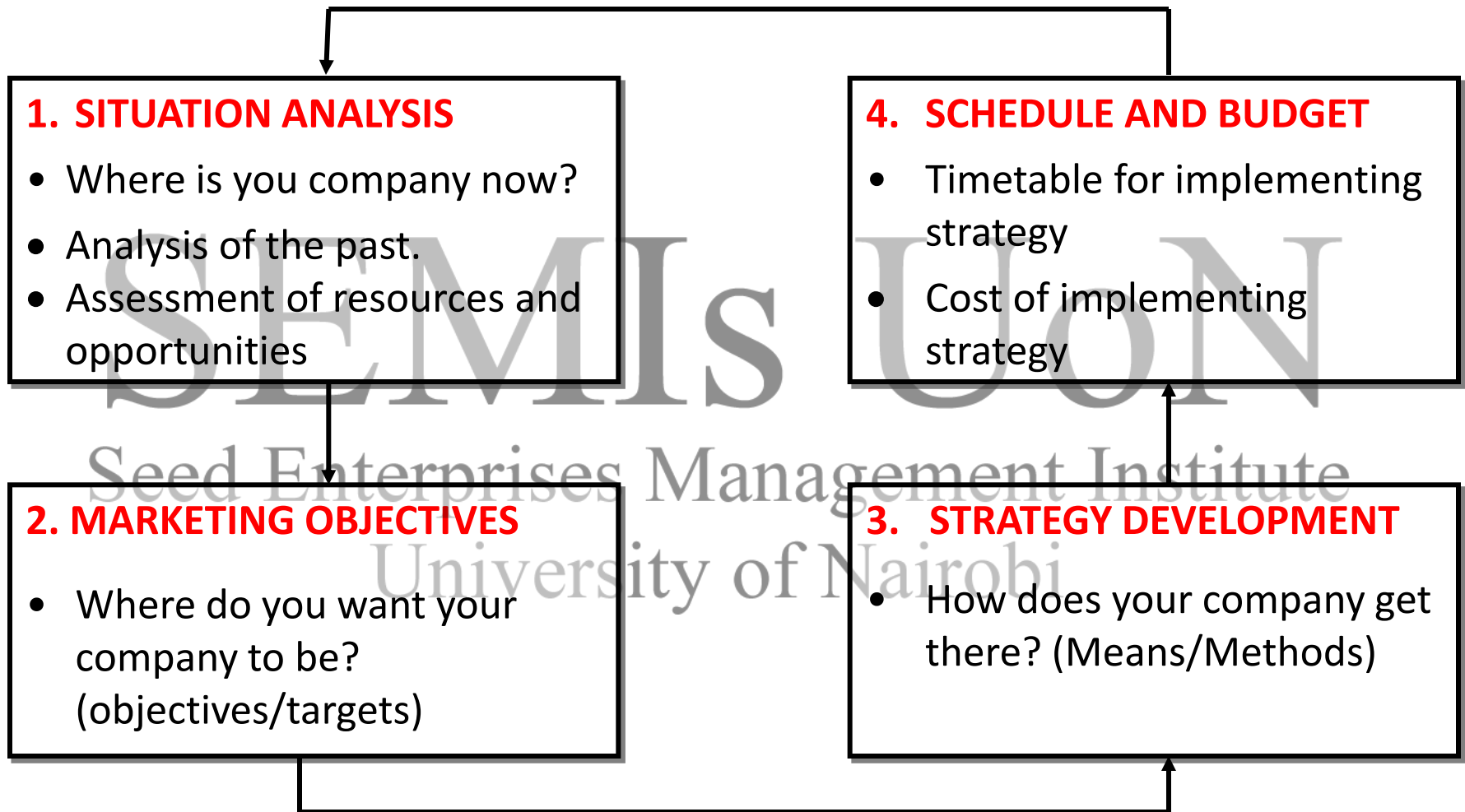
Where is your company now?

Where do you want your company to go?

How does your company get there?

- These questions correspond to the major stages of the planning process as shown in Figure 2.

Figure 2: Marketing Planning Cycle



1. SITUATIONAL ANALYSIS

The situational analysis usually covers **Five** major areas:

A. Sales trends

- ✓ Analysis of actual sales results by territory, product, customer, size of order, distribution outlets, etc.
- ✓ Each product's sales figures are examined over the previous several years.
- ✓ The planners compare these figures to similar ones for competing products.

B. Previous forecasts versus previous performance

- ✓ A review of the **accuracy of past planning** is made in terms of both **sales** and **profits**..

C. Market situation and competitive environment:

I. Customer/Market Analysis

- A market is a group of people with:

- ✓ a desire for a product;
- ✓ willingness to buy it;
- ✓ ability to pay for it; and
- ✓ authority to buy it.

(a) Questions to guide you in conducting customer/ market analysis:

- ✓ Who are our customers?
- ✓ Where are they located?
- ✓ What do our customers see as important?
- ✓ What do they buy, from where and how?
- ✓ Why do they buy?
- ✓ Are all customers the same (80:20) rule?

(b) Market Segmentation

(i) The three premises of segmenting a market are:

- ✓ People are similar in some ways.
- ✓ People are dissimilar in other ways.
- ✓ **Homogenous groups** (market segments) can be identified from a heterogeneous market.

University of Nairobi

(ii) The main ways of defining segments are:

- ✓ Geographical area
- ✓ Industry or industry sub-sector
- ✓ Product
- ✓ Application (Use)
- ✓ Size of end-user
- ✓ Distribution channel
- ✓ Order size
- ✓ Order frequency
- ✓ Type of decision maker

- The key to market segmentation is to let the marketplace segment itself because the individual segments exist independently of the company and its products.

SEMI's UoN

Seed Enterprises Management Institute
University of Nairobi

II. Competitor Analysis

- **Questions to guide you in performing competitor analysis:**
 - ✓ Who are your competitors?
 - ✓ How do they compare with your company in size?
 - ✓ Where are they located?
 - ✓ Do they operate in the same market sectors as you do?
 - ✓ What products do they manufacture/sell?
 - ✓ How does their pricing compare with your own?
 - ✓ What sales/distribution channels do they use?
 - ✓ Have they recently introduced new products?

D. Planning assumptions and constraints

- ✓ An assessment is made of **internal** (company) management, financial, personnel, and production strengths and weaknesses.
- ✓ **External factors** such as the state of the economy, government regulations, and broad social trends are taken into consideration.

SEMIS UON
Seed Enterprises Management Institute
University of Nairobi

E. SWOT Analysis

- ✓ SWOT Analysis stands for Strengths and Weaknesses as they relate to our opportunities and threats in the market place.
- ✓ Presentation of SWOT Analysis:

STRENGTHS (Activities that we do well or resources we have plenty of)	WEAKNESSES/CONSTRAINTS (Activities that we don't do well or resources that we lack)
OPPORTUNITIES (Positive or favourable conditions existing in the market place)	THREATS/CHALLENGES (Negative or unfavorable conditions existing in the market place).

2. MARKETING OBJECTIVES

- Objectives/goals are what we want to achieve.
- Marketing objectives concern the balance between products and their markets

SEMMIS UoN
Seed Enterprises Management Institute
University of Nairobi

- Marketing objectives must be definable and quantifiable so that there is an achievable target to aim towards.

Seed Enterprises Management Institute
University of Nairobi

- In all plans **marketing objectives** should be set for the following :
 - ✓ **Sales turnover** for the period of the plan by product and market segment;
 - ✓ **Market share** for the period of the plan by product and market segment;
 - ✓ **Customer satisfaction**, brand awareness, etc;
 - ✓ **New product development (Innovativeness)**;
 - ✓ **Gross profit on sales**, etc.

3. MARKETING STRATEGIES

- ✓ Marketing **strategies** are the **means** by which marketing **objectives** will be achieved.
- ✓ Strategies are the **broad methods** chosen to achieve specific objectives.
- ✓ Marketing strategies relate to general policies for the **products, price, promotion, and distribution**.
- ✓ A useful way of looking at the types of strategies that may be available is to use a product-market matrix (Figure 2).

Figure 2: Strategies based on Product-Market Matrix

Low Risk

High Risk

		Present Product	New Product
Low Risk	Present Market	Expand existing market with existing product	Develop new products for existing markets
High Risk	New Market	Sell present product in new markets	Develop or acquire new products to sell into new markets

4. SCHEDULE, BUDGET AND IMPLEMENTATION OF PLAN

- ✓ The actual implementation programs that are undertaken to carry out the company's strategies must be stated in greater detail.
- ✓ The action programs set priorities for the actual steps by which the strategies are to be put into practice, and they also situate the strategies in terms of specific schedules and budgets.

- ✓ **Schedule:** This is designed to show when specific activities and budget expenses occur.
- ✓ **Budget:** Budgeting is a critical step in the planning process because it commits the company's financial resources to a given strategy.

SEMMIS UON
Seed Enterprises Management Institute
University of Nairobi

- Each action plan should include:
 - ✓ **Current position** – where you are now;
 - ✓ **Aims** – what to do/where you want to go;
 - ✓ **Action** – what you need to do to get there;
 - ✓ **Person responsible** – who will do it;
 - ✓ **Finish date;**
 - ✓ **Budgeted costs.**

5. Monitoring and Evaluation of Performance

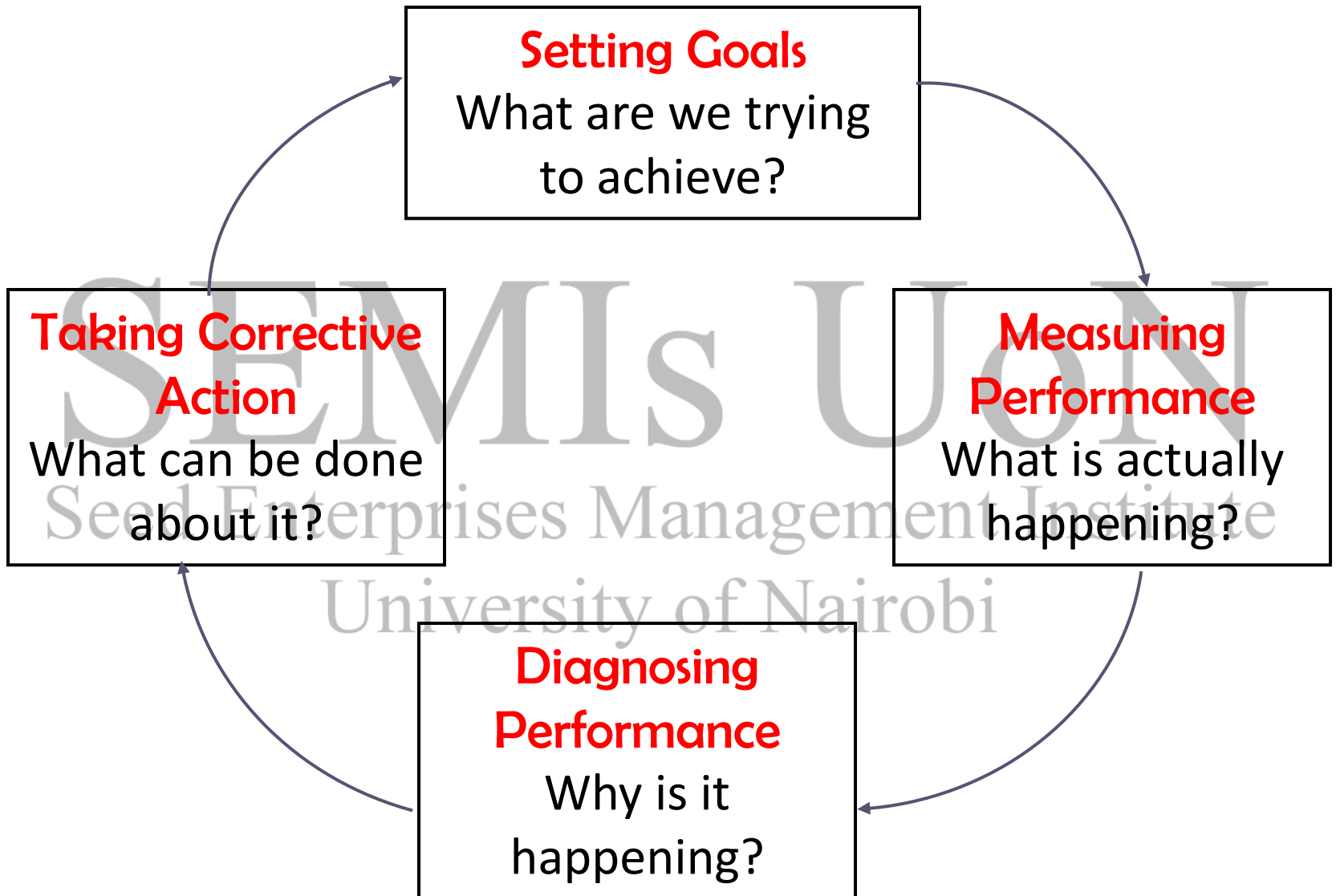
5.1 Introduction

- Establishing the criteria by which performance is to be evaluated is a fundamental management responsibility
- Performance ratios are very useful for monitoring performance.
- Ratios enable you to benchmark performance across different parts of the business, across teams within the business, or overtime across companies within a sector.

- Once trends have been highlighted that indicate a weakness in performance, management can investigate the causes and take corrective action.
- The control process is essentially a simple one (Figure 3).

SEEMIS UoN
Seed Enterprises Management Institute
University of Nairobi

Figure 3: The Control Process



5.2 Types of Marketing Control

a. Strategic Control

- The tool that is used to carry out strategic control is marketing audit.
- **The three steps of carrying out marketing audit are:**
 - **Marketing environment review:** markets, customers, competitors and microenvironment: present and future.
 - **Marketing system review:** organization objectives, programs, implementation and organizational structure
 - **Detailed marketing activity review** – review of 4p's; corrective action is recommended.

b. Annual Plan Control

- ✓ Management by objectives (results) is the key to annual plan control.
- ✓ Specific objectives for every actor in the company.
- ✓ Each person's performance is checked by supervisor on weekly, monthly, or quarterly basis.
- ✓ Below normal performances trigger analyses of causes. The findings lead to a corrective action to plan.

Five (5) performance tools used to check the progress of the annual plan.

- ✓ **Sales analysis:** actual versus expected sales.

Sales variance analysis: customers, territories.

- ✓ **Market share analysis:** for the whole company; by product, territory, customer group, etc.
- ✓ **Expenses to sales-ratios:** gross profit to sales, etc
- ✓ **Other ratios:** revenue per employee, percentage of revenue from products introduced in the last three years, etc.
- ✓ **Attitude tracking:** Share of mind (awareness), Share of heart (preferences), Share of sales (sales volume versus those of competitors).

c. Profitability Control

- Periodic research is conducted to determine the actual profitability of different:

- ✓ products,

- ✓ territories,

- ✓ customer groups,

- ✓ trade channels, etc.

- **Marketing costs analysis is used to:**
 - ✓ evaluate profitability of products, etc;
 - ✓ identify functional expenses;
 - ✓ assign the expenses to marketing activities; and
 - ✓ prepare a profit/loss statement for each marketing activity.

SEMIS UON
Seed Enterprises Management Institute
University of Nairobi

6. SUMMARY OF THE CONTENTS OF A MARKETING PLAN

- Most marketing plans, particularly product and brand plans, will have the following sections:
 - ✓ Executive summary
 - ✓ Current marketing situation
 - ✓ Opportunity and issue analysis
 - ✓ Marketing objectives
 - ✓ Marketing strategies
 - ✓ Action programs
 - ✓ Projected-profit-and-loss statement, and
 - ✓ Monitoring and Control Tools.

These sections and their purposes are as follows:

S/No	Description	Purpose
1	Executive Summary	A brief summary of the marketing plan.
2	Analysis of current marketing situation	An analysis of trends and changes in the marketing environment, the market situation, customers and competitors.
3	Assessment of opportunities and problems	The major opportunities and threats (both inside and outside the company) facing the product for which the plan is being developed.

4	Marketing Objectives	The goals to be achieved through the marketing plan in such areas as customer satisfaction, sales volume, or market share.
5	Marketing strategies	The overall marketing strategy-market segmentation and product, price, promotion, and distribution activities-that will be used to achieve the objectives.
6	Action programs	Pinpoints who is responsible for the marketing activities and establish budgets and timetables for executing the marketing strategies.
7	Projected profit and loss statements	This summarizes the expected financial pay off from the plan.
8	Monitoring and Control Tools	Details the procedures for monitoring the plan over time and for taking corrective action if needed.

Conclusion

- Effective implementation of the marketing plan will enable your company to:
 - ✓ capitalize on its strengths and overcome its weaknesses;
 - ✓ take advantage of emerging opportunities especially those related to technological advances; and
 - ✓ address any challenges posed by both national and global operating environments.
- This process will in turn propel your company to higher levels of performance and attainment of its vision and mission for the benefit of your key stakeholders.

THE END

THANK YOU

Q & A

SEMIIS UoN
Seed Enterprises Management Institute
University of Nairobi