



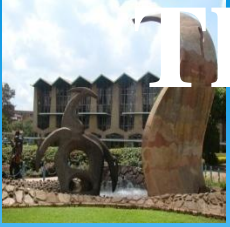
# SEED ENTERPRISE MANAGEMENT INSTITUTE (SEMI<sub>s</sub>)

## 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



# Why the analysis?



For a *sustainable* and *competitive* business, it is necessary to analyze the marketing sector of the national (sometimes regional or county) economy



# Functional approach



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



# Functional approach (contd.)



## 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)?



# Functional approach (contd.)



## **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)**



# Functional approach (contd.)



## 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?**





# Functional approach (contd.)



## 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



# Systems approach



## 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

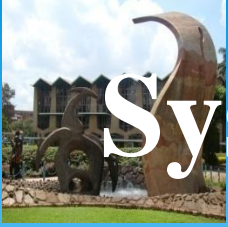
- \* Some systems are short and simple while some are long and complex (cf. the chain speech concert)



# Systems approach (contd.)

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**



# Commodity approach



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

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# Question



Which approach is desirable for seed marketing?

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