

- By Prof. Justus Munyoki

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APPROACHES IN THE ANALYSIS OF MARKETING

BY

Prof JUSTUS M MUNYOKI

WELCOME

2015



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?





Remember

- The analysis of marketing could be on the basis of
- **functional approach.** The functions performed by organization



- **Institutional Approach** – focusing on the organization





- **Commodity approach** – considering the product itself



Bean seed



Maize seed





- Analysis involves consideration of key market characteristics such as
 - size of the market
 - structure of the market



- **Identifying Market Characteristics**
- Generally, a good market would be one in which:
 - There is good potential for market growth.
 - There are 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.



Demos in Ethiopia



Demos in Kenya



Southern Sudan



END



**PRODUCT STRATEGY,
BRANDING AND PACKAGING**

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MEANING OF A PRODUCT

GOOD OR SERVICE

- **Product**: anything that can be offered in the market for attention, use or consumption to satisfy a need or a want.

Maize





SEAN

NOVA









- Product decisions are based on the customer product perceptions, which are at three levels.

- **Level 1: Benefits and satisfactions** that a particular product provides; e.g. Fridge may be just for prestige, storage or for preservation.

Preservation?



Storage?



Prestige?



- **Level 2:** Based on the **tangible attributes** such as quality, style packaging, branding etc.

- Quality seed, certified seed



- **Level 3: Extended** product which include promotion, company image, distribution

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- Need to blend the levels in a systematic, synergetic manner in order to properly to create the customer's overall perception of the product meet the needs of the customer.

Do you know

- Product line?

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- **Product line:** Group of products that are in some way related e.g. Maize seed, onion seed
- beans



Maize as a product line



- Product mix?



- These are variations of the same product line. Shows depth of a product line

SEMIIS - JON

- Which is better

- Fewer lines but very deep?

OR

- Wide range of product lines, very shallow?

- Why?

Branding

The process of developing unique identifying features that help to market a company's product.

A brand is a name, design or symbol that identifies the products of a seller.

SEMIIS - UON



SE

ON

S



V

SEM



N

Kenya Power

- The unique feature that helps to distinguish the product from others

SEMI - DON

Elements

- **Brand name** – word, letter (number) group of words or letter (numbers) that can be spoken e.g Toyota, Philips, Compaq.



- **Brand mark** – Symbol, design or distinctive colouring or lettering
- e.g. Lion : Kenya Commercial Bank;
- Eagle for ?
- And the elephant?

- Think about this..
- Why did KCB not choose a cow? Or a dog?
- Why did BBK avoid a chicken?

- **Trade character** – These represent a special type of brand symbol, and takes on human or real life characteristics eg use of a person's name
- Which names?..mainly celebrities..

- Sample these
- Drogba, Kipchoge, Keino, Ronaldinho, Bekele,which others?

Know this one?



Who are these?



Who is this?





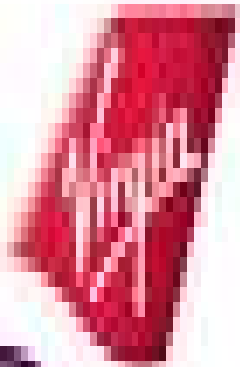
Which country does he come from?



- **Trade mark** – brand name, brand mark or trade character or combination of these, given legal protection. E.g. Blueband[®], Rexona[®], Mastercard[®]

-

virgin atlantic





Mercedes-Benz

SEN

UoM

- Need to protect brand names,
- Copyright
- Patents

SEMIIS - UON

Branding is very important in marketing. Its benefits to the firm include

- Enhancing product identification
- Customers can be guaranteed of quality by reordering the same brand.

- Enabling the firm responsible for the brand to be known.
- Reducing price comparisons when customer's perceive distinct brands.
- Increasing product prestige.

- **PACKAGING**

- Packaging is the process of designing the container (s) for a product.

- A package is a product's physical container or label and may include cardboard box, glass, plastic can, paper bag etc.
- There are three levels of physical packaging:

- **Primary Package** – materials that envelope a product and hold it. E.g. a Coca Cola can.



SEMI



Onion seed



Onions in container





S



- **Secondary Package** – packaging that holds the primary package for transportation of a cardboard box for holding medicine bottles.

- **Tertiary packaging** – Bulk packaging to hold secondary packages for example, several boxes may be put in one big box for transportation.

- **Packaging Functions (strategy)**
 - Aid new product strategy – some packaging is such an integral part of the product that it becomes a major part of new product strategies.

–Provide access to channels –
packaging can open up new
distribution channels

–Support pricing strategy – Premium quality and design packaging can contribute to being able to ask premium price.

- Serves as part of promotion

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- Provide Protection and containment
- Provide information to customers

DISTRIBUTION STRATEGY AND PLANNING

- **Channels of Distribution**
- Link producers and consumers
- Many activities take place involving hours of information, products, negotiations, risks, money and people.

-

Number of Channel Levels

Channel Level - Each Layer of Marketing Intermediaries that Perform Some Work in Bringing the Product and its Ownership Closer to the Final Buyer.

0-level channel



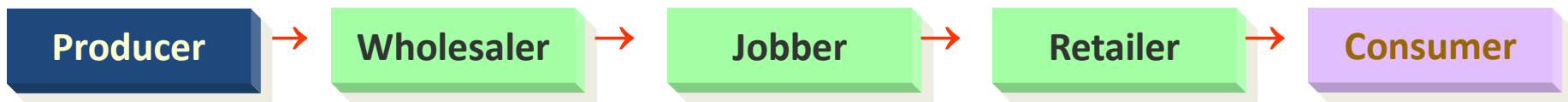
1-level channel



2-level channel



3-level channel



- **Market Intermediaries**
- link the and users of products to the producers.
- They may be classified as follows:
-

SEMIS - UON

- **Retailers**
- buy and resell merchandise to end users. They usually buy from wholesalers or agents, but may also buy directly from the manufacturers.



- They usually
- take title of the goods.
- Retailers are the final link between
- manufacturers and consumers,.

- They usually buy from wholesalers and resell to consumers, although there are a few cases where large retailers buy directly from manufacturers.

SEMI'S -

- The main functions of retailers are:
 - Selling goods to consumers
 - Storage of goods
 - Transportation of goods from wholesalers to the retail outlet.

- SMALL SCALE RETAILERS

SEMI - UON







Large scale retailers

- **Department Stores** – These are a number of single shops under one roof and under the same management, for example, the stores may have several units dealing with clothing, hardware, a bar and so on.

- **Supermarkets.** These are self-service stores which usually stock a circle variety of goods.
- Occupy 50,000 - 80,000 sq feet
- All the goods are put on open display with fixed prices indicated.









- **Mail order shops.** Operated by manufactures, in which a list of their goods and prices is sent to prospective customers, who place an order through the post.
- Goods are also sent through the post..

- **Vending machines** – Automatic vending machines can be used to sell a variety of goods with a high convenience.
- Example are jukeboxes and electronic computer games, drinking tea, coffee and soda.
- They offer a 24 hour service to consumers.

- **Service Retailers:** These are retailers that offer services rather than physical goods, to consumer. They include doctors and lawyers.

SEMI - DON

- **Wholesalers**
- Buy and resell merchandise to retailers or to institutional, industrial or commercial enterprises.
- Normally take title of goods they sell.

- Their functions include:
 - Purchase in bulks from producers,
 - Assume all the risk – transporting and storing goods.

SEMI-UNION

- Provides storage and transportation services
- They sometimes offer credit facilities to retailers.
- They offer advisory services to retailers, for example, how to display, or promote products.

SEMI'S

UNION

Types of Wholesalers

- (i) Merchant Wholesalers** – These take title of goods, and are involved in buying of goods from manufacturers and selling them to retailers and internal users.

- (ii) **Agents and Brokers-** Agents do not take title to the goods, but only negotiate and arrange sales on behalf of other the sellers or the buyers, for a commission
- Their main function is to facilitate selling and buying.

- Brokers negotiate purchases or sale for a commission and do not therefore take title of the goods.
- Unlike agents who may handle the goods through not owning them, brokers only bring buyers and sellers together to negotiation the sale, but do not handle goods.

- Brokers are commonly found in the insurance industry, and in real estate (buying and selling of land and houses).

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(iii) **Manufacturers' sales branches and offices** . Some manufacturers establish their own distribution offices with their own staff, who market products for the manufacturers.

They ensure total control by the seller in the marketing of his product.

- **Role of market intermediaries**
- **Contact** – market intermediaries establish contact between consumers and producers

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- **Physical distribution –**
- **Storage.**

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- **Breaking the bulk**
- **Research-**

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- **Risks**
- **Logistical Support-** for example, facilitating payments between commenced producers, and banking services.

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- **Channel Logistics**
- Efficiency and effectiveness of a distribution channel depends on there being a well coordinated physical movement of products,

- Includes such activities as production, scheduling, storage, inventory control, materials handling, purchasing order processing, transportation and plant/warehouse site selection.

Store layout



- **The Logistical Plan**
- Companies need to have a well coordinated logistical plan that takes into account the interdependence of the different distribution functions and provides an opportunity for cost saving.

- The logistic system has three broad categories:
- Stationary facilities
- Transportation network
- Location
-

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- **Stationary facilities.** Any geographical location in which there is storage or transfer of goods from one mode which are located at some points between the company's plant and its customers.









- **The transportation network.** Includes all types of carriers – rail, water, highway, pipeline and air.
- The mode of transport varies according to circumstances and the nature of product.







Transport logistics



- **Location.** The location of the sellers production and distribution facilities in relation to those of customers is an important factor in his ability to deal with the limitations of time and space.

- **System Operations**

- Concerned with the how much, when and where of product movement, and has five functions communication, scheduling, inventory control, materials handling and traffic.

-

- **Communication.** both external as well as internal communication.

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- **Scheduling.** Involves proper synchronization of all the operations and coordination between the marketing manager and production managers.

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- **Inventory Control**
- Very important in order to ensure the sufficient inventory is kept to match customer demand at the most economic terms.
- Maintain a buffer stock

- Considerations in selecting an appropriate channel of distribution:
 - Customer characteristics
 - Product characteristics
 - Company characteristics.
 - Environmental characteristics.
 - Intermediaries
 - Competitors

Selection of Middlemen

- Consider.
- Number of years in business
- Location:
- Potential for growth
- Other products handled by the middleman.
- Sales records.
- Financial Ability

- Modes of transport







**PROMOTIONAL STRATEGIES; ENHANCING
COMPETITIVENESS**

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PROMOTION DECISIONS

- Any form of communication used to inform, persuade, or remind people about an organization goods, services, image or ideas”.

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- Customers need to be persuaded to buy a product
- Customers need to be reminded that you still exist

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Promotion mix variables include

- Advertising,
- Sales promotion,
- Personal selling
- Publicity (public relations).

- **Advertising**
- This is one of the oldest forms of communication with records going back to Roman, Greek and biblical days.

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- It is a paid, non-personal presentation and promotion of ideas, goods and services by an identified sponsor.

SEMI - DOWN

- The leading media are newspapers, television, radios and direct mail. Bill boards are also commonly used.

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BURGER KING WHOPPER

ADVERTISEMENTS



ACTUAL BURGER

- MOST ATTRACTIVE ANGLE
- WITH CHEESE
- SLIGHTLY FLUFFED UP



ALL RIGHTS RESERVED





- Advantages
- Attracts a large and geographically dispersed market
- Low cost per customer or listener
- Uniform message is delivered to all people
- Sponsor has control over message content, graphics, and timing

-

- Disadvantages
- Inflexible and not responsive to consumer questions since they are standardized
- May be wasteful to some audience that is not interested (Since message targets everyone)

Decisions:

- Determine message content . This includes colour, illustrations, size or length, and source.

- Specify the location of an ad in a broadcast program or print medium, eg in the cover page, sports pages or entertainment pages or at the back

SEMI -

- Outline a promotion schedule.

SEMIs - UoN

- Choose how many variations of the basic message to utilize. This depends on the frequency of presentation and the quality of the ad

SEMI - DON

- Identify the advertising target group. Select the media.
- Define the advertising budget

SEMI-S - UON

- Before an advertising message can be communicated effectively, carry out some research and find answers to the following
- What are the product's selling points?
- What kind of people will buy it?
- What kind of media will reach the market most effectively?

- **Sales Promotion**
- seeks to achieve given objectives by adding extrinsic tangible value to a product or service.

SEMI-UNION



15,



22

- involves communicating with an audience through various non-personal, non media vehicles such as free samples, gifts, games, concerts, tradeshows, trading stamps, signs and displays, sweepstakes are also part of sales promotion.

- **Advantages**
- SP schemes help to bring the manufacture and the customer closer together

SEMI S - UON

- SP schemes can help to establish corporate identity by exploiting the logo style of packing and brand names

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- Can win the good will of customers who enjoy the benefits of the offers

SEMIIS - UON

- Can provoke quantity and repeat buying and so achieve high awareness of the product which is constantly in use or in the home, to the exclusion of rival brands.
-

SEMI -

- Lures customers to the product

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- **Negative aspects**
- Special promotional offer can appeal to the bargain seeking or greedy people, who will wait and only buy when a product is on special offer.

- Customers may buy the offer rather than the product and brand awareness may be minimal

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- Distributors may be reluctant to handle goods not on offer. As goods not on offer may not be as fast moving.

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- If the offer or scheme disappoint customers in any way, bad relations will be created which can be damaging to both the manufacture and the distributor

- May mislead customers into believing that discounts represent decline in quality

SEMI'S - DOWN

- When used very frequently, consumer may learn to wait and stock only when there is promotion

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- **Examples of sales promotion**
- **Games and competitions.** Company arranges for games in which winners are rewarded, or they win specific items, as is the case with beer promotion by Kenya breweries, Safaricom, Airtel etc

- **Free gifts.** The gift may be attached to the product, as a pair of socks with a ruler tied onto them

SEMI - DON

- **Rebate schemes.** refund of cash to consumer who have bought a certain product on production of coupon (receipt) which specified that the item is on offer.

SEMI -

- **Demonstration, free samples.** For customers to taste, seeing is believing

-

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SA

60%
OFF



**SHOES.
BUY ONE
GET ONE
FREE!**



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search ID: gth0095

mid season madness
today* only:



15%



off everything

*offer only valid on 2 October 2010. Offer excludes (M&S.co.uk) items with set prices/conditions and the 20%.

- In developing the sales promotion programme, It is important to clearly establish such items as
 - Size of the incentive- provide a realistic incentive that will not eat too much into the sales returns;
 - Conditions of participation- specify who should participate.. Are company employees allowed?

- The duration of the promotion – it should not be too long or too short. Slogans like ‘ buy now while stock last are common ;
- timing – decide when the promotion should be done. Improper timing can be very bad

- **Personal Selling**

- An oral presentation in a conversation between one or more prospective buyers.

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- involves communicating directly with an audience through paid personnel of the organization or its agents (sales people).

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- may include door to door selling where sales people move from door to door selling goods

SEMI'S - DOWN

Also includes

- prospecting – Getting and maintaining new customers,
- Communicating -about the company's product

- selling – sales people play a crucial role in the selling process which involves creating awareness arousing interest, evaluation, trial and adoption (AIETA)

SEMIIS - DON

- Includes closing the sale by the customer finally buying the product and after-sale follow up.

SEMI - 001

- Servicing their customers through advising, maintenance and technical assistance, and are supposed to gather relevant information from the field for the use in decision making by the firms.

- Effective personal selling depends on how well the sales force is managed.

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Company should therefore deal with

- Recruitment and Selection -- Of the sales force personnel

- Motivation-- Of the sales force personnel

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- Compensation-- Of the sales force personnel

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- Training and development.. Of the sales force personnel

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- **Publicity and Public Relations**
- Publicity is the non-personal stimulation of demand for a good or service by placing commercially significant news about it in a published medium, or by making a presentation on television.

- Not paid for by an identified sponsor.

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- Good Aspects
- there are no costs for message time or space,

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- reaches a mass audience, and within a short time new products or company policies are widely known.

SEMIIS - UON

- Enhances credibility about message because they are reported in independent media

SEMIIS - UOM

- Limitations
- the firm has little control over messages, their timings, their placement or coverage
- the firm may not be able to plan publicity in advance because new worthy happenings take place quickly.

- PR is a continuous process, unlike advertising which may be seasonal.
- It goes on and on whether we like it or not, and every one in my organization is involved in public relation and is affected by it.

- The strength of public relations is its role in creating understanding.
- It is very crucial in converting negative image to positive image:

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- Hostility to Sympathy
(-VE) (+VE)

Why are customers hostile to us?

SEMIS - UON

- Prejudice to Acceptance
(-VE) (+VE)
- Customers are very bitter with us, may be because of our past bad record..But we have since changed, yet they still hate us!

- Apathy to Interest

- (-VE) (+VE)

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- Ignorance to Knowledge
- Are customers knowledgeable? What is our role?

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What are they saying ?



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- END

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EXERCISES IN MARKETING AND SALES ANALYSIS

BY

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- **Exercise ONE**
- **(in groups of 6 students)**
- George retired from the civil service last year, and has opened a business where he is sells a variety of packaged seed .
- He has very fixed opening hours (9 am to 5 Pm on Monday to Friday, and is closed on Saturdays and Sundays). These hours are very strictly observed and no customer is allowed in after closing hours

- George believes in making money and does not care a lot about his customers. On his shop is a writing.. “Cash only.. No credit”. His shop frequently experiences stock shortages and customers often complain of poor Services
- George has no long term plan for his business and believes in making as much sales as possible, regardless of whether customers are satisfied or not

- Margaret, on the other hand, runs a medium size Seed Company in Nairobi, She has long term expansion plan for the company, and is very mindful of her customers. Her business opens from daily from 8 and to 5pm (Monday to Friday), and 9am to 12 noon on Saturdays. However, Margaret is flexible and always listens to a customer who comes in late
- She has very flexible working hours and often stays on a little later than the closing hour. She also has credit facilities for her regular customers
-

□ QUESTIONS

- A) Who, between George and Margaret is
 - a marketer
 - A seller

(Justify your answer)

- B. Advise George on what he needs to do to increase customer satisfaction



- **EXERCISE TWO**

- Discuss

- Qualities of a good seed marketing manager

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MARKETING STRATEGIES

GOALS AND MARKET ANALYSIS

Justus M. Munyoki, PhD

WHAT IS STRATEGY?

- ...series of **activities**
done to achieve a **goal**
(game plan)

A marketing strategy

➤ outlines the ***strategic directions*** and ***tactical plans*** that marketing teams must implement to support their company's overall business objectives, including:

■ ***Increasing revenue***

■ ***Growing profits***

■ ***Reducing costs***

A marketing strategy

...contains a number of important decisions about

- **product** offerings,
- ***pricing,***
- **communications**, and
- ***distribution*** channels.

Marketing strategy could be:

1. Corporate, Long term:

Overall organization, resource allocation, highest risk

2. Business, mid term:

Divisional, resource utilization, competency, efficiency

3. Operational, short term: day to day operations, tactical

**Determining how much
marketing strategy
you need**

The level of detail and the effort associated with your marketing strategy depends on several factors, including:

- **Size** of your company.
- Where your company is in its **life cycle** (for example, starting up, growing, maturing, declining).
- Whether you are making **strategic decisions** about the company's entire product portfolio, a particular product line, or just one product.
- How much marketing strategy formulation you have done in the **past**.

Use A Structured Process

- Developing a marketing strategy is important, but it's difficult work.
- It takes **time** and **commitment** to create.
- A marketing strategy is often **developed by a committee** that is using information collected



The **key to creating** a usable marketing strategy is to

- follow a clear, structured, well-thought-out process.
- Doing so helps you keep the team focused, ensures the consistent use of information, and streamlines decision-making.
- A more structured process also involves some front-end preparation, but this process ultimately saves you time and money.
- This leads to the **Marketing Plan**

MARKETING PLANNING



The nature and Contents of a Marketing Plan

Introduction

- Each product level (product line, brand) must develop a marketing plan for achieving its goals.
- The marketing plan is the outputs of the marketing process.
- **Marketing plans** are becoming more **customer-** and **competitor-oriented** and better reasoned and more realistic than in the past.
- The plans draw more inputs from **all the functions and are team-developed.**

CONTENTS OF THE MARKETING PLAN

(1.) Table of contents & Executive summary :

- A table of contents
- Abstract:summary of the **main goals** and **recommendations**.
- Permits senior management to grasp the plan's major thrust.



(2). Current marketing situation

This section presents relevant **background data** on

- **sales,**
- **costs,**
- **profits,**
- **the market,**
- **competitors,**
- **channels, and**
- **the forces in the macro-environment.**
- Use this information to carry out a **SWOT** (strengths, weaknesses, opportunities, threats) **analysis.**

(3). Opportunity and issue analysis

- **Task:** Reviews the main **opportunities** found in the SWOT analysis and identify the **key issues** likely to affect the organization's attainment of its objectives.



(4). Marketing Objectives

The product manager outlines the plan's **major**

- **financial** and **marketing** goals.

Expressed in

- sales volume,
- market share,
- profit, and
- other relevant terms

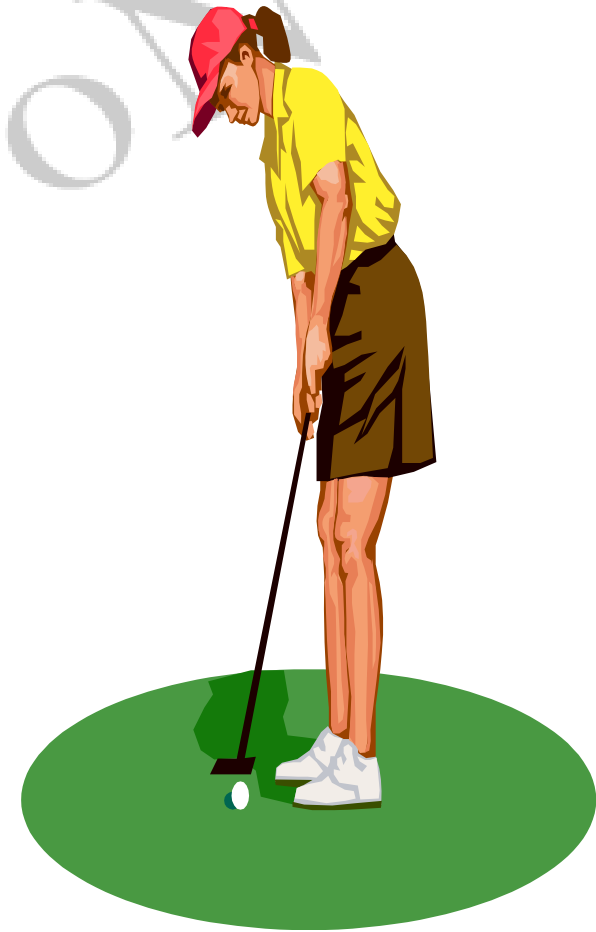
(5). Marketing strategy

- Brand manager **defines** the
- Market **Segmentation**
- Market **Targeting** and
- Market **Positioning**

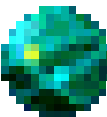


(5). Marketing strategy-Cont'd

- All this is done with **inputs** from other departments, to ensure that the company can provide proper **support** for effective **implementation.**



(6). Action programs

 **Specify** the **actual marketing programs**, derived from the marketing strategy, to be used in achieving the business objectives.

 **Marketing mix elements**

- Product
- Pricing
- Distribution
- Promotion

- Each marketing **strategy element** must be elaborated to **answer these questions:**
 - a) **What will be done?**
 - b) **When will it be done?**
 - c) **Who will do it?**
 - d) **How much will it cost?**
 - e) **How will progress be measured?**

(7). Financial projections

- Action plans allow the brand manager to build a supporting budget.

On the **revenue side**, this budget shows the forecasted
✓ sales volume in units and average price.

On the **expense side**, it shows the expected

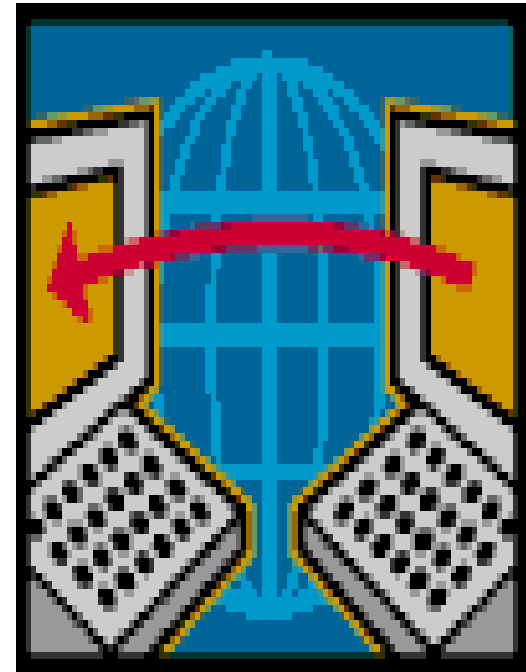
- costs of production,
- Marketing expenses.

The difference between revenues and sales is projected profit.

- Once approved, the budget is the basis for developing plans and schedules for material procurement, production scheduling, employee recruitment, and marketing operations.

(8). Controls

- Show the controls for **monitoring** and **adjusting implementation** of the plan.
- Typically, the goals and budget are spelled out for each month or quarter so management can review each period's results and take corrective action as needed.
- Some organizations include contingency plans outlining the steps management would take in response to specific environmental developments, such as price wars or strikes, etc.



(9). Implementation matrix

- Very important to implement the plan
- Shows
- Strategic objectives
- Strategies
- Activities
- Responsibilities
- Time frame
- Cost implication

- **Example;**
- **Strategic Issue 1. Resources and Governance**
- **Strategic Objective:** To manage the Company efficiently and effectively
- **Strategies:**
 - i. Review and strengthen governance practices at the company

- i. Institutionalize high performance culture in the company
- ii. Safeguard, upgrade and fully exploit the company's assets

-

END

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DISTRIBUTION STRATEGY AND PLANNING

- Channels of Distribution
- Link producers and consumers
- Many activities take place involving hours of information, products, negotiations, risks, money and people.

Number of Channel Levels

Channel Level - Each Layer of Marketing Intermediaries that Perform Some Work in Bringing the Product and its Ownership Closer to the Final Buyer.

0-level channel

Producer

Consumer

1-level channel

Producer

Retailer

Consumer

2-level channel

Producer

Wholesaler

Retailer

Consumer

3-level channel

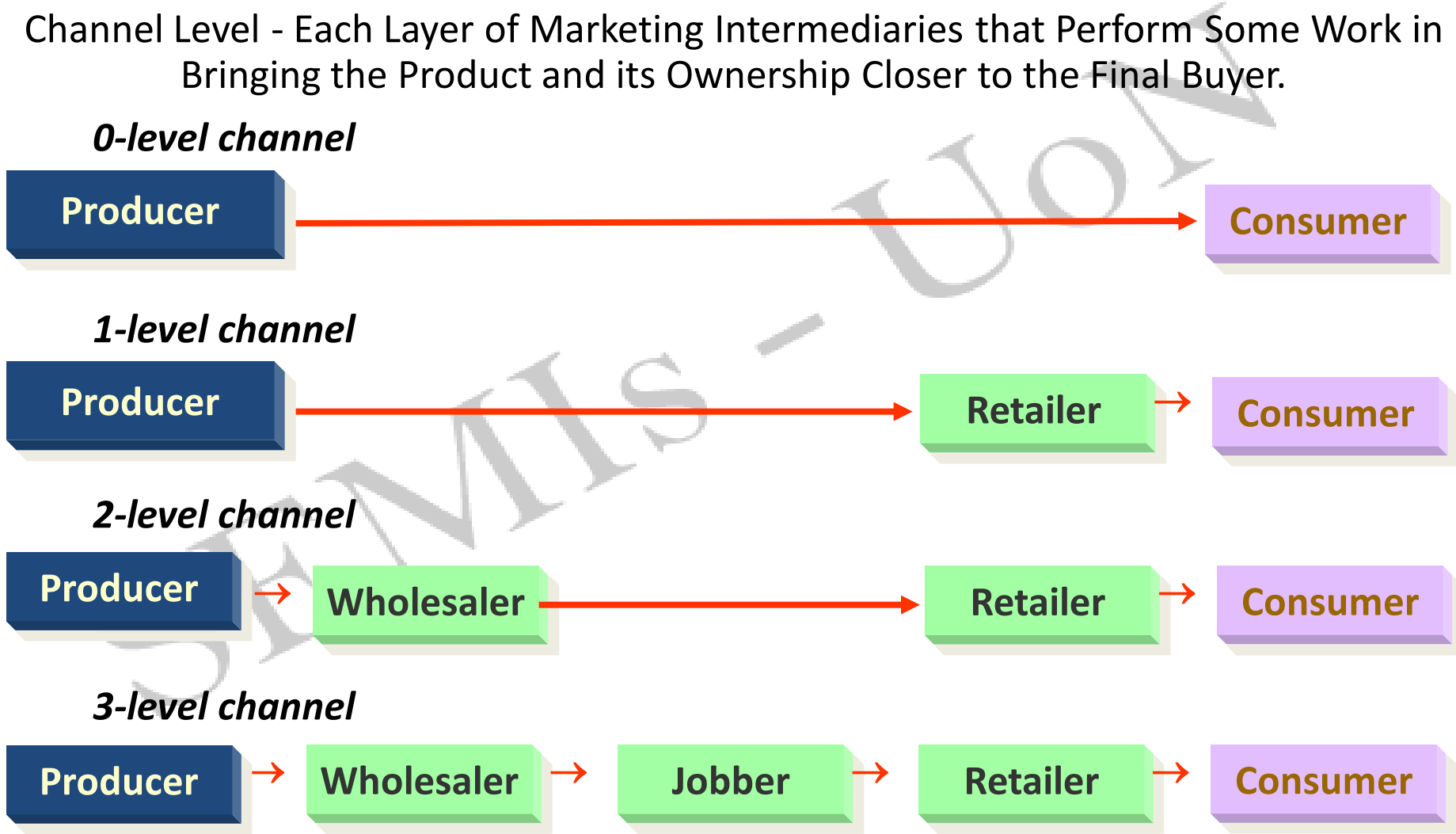
Producer

Wholesaler

Jobber

Retailer

Consumer



- **Market Intermediaries**
- link the and users of products to the producers.
- They may be classified as follows:
-

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- **Retailers**
- buy and resell merchandise to end users. They usually buy from wholesalers or agents, but may also buy directly from the manufacturers.



- They usually
- take title of the goods.
- Retailers are the final link between
- manufacturers and consumers,.

- They usually buy from wholesalers and resell to consumers, although there are a few cases where large retailers buy directly from manufacturers.

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- The main functions of retailers are:
 - Selling goods to consumers
 - Storage of goods
 - Transportation of goods from wholesalers to the retail outlet.
-

- SMALL SCALE RETAILERS

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Large scale retailers

- **Department Stores** – These are a number of single shops under one roof and under the same management, for example, the stores may have several units dealing with clothing, hardware, a bar and so on.

- **Supermarkets.** These are self-service stores which usually stock a circle variety of goods.
- Occupy 50,000 - 80,000 sq feet
- All the goods are put on open display with fixed prices indicated.









- **Mail order shops.** Operated by manufactures, in which a list of their goods and prices is sent to prospective customers, who place an order through the post.
- Goods are also sent through the post..

- **Vending machines** – Automatic vending machines can be used to sell a variety of goods with a high convenience.
- Example are jukeboxes and electronic computer games, drinking tea, coffee and soda.
- They offer a 24 hour service to consumers.

- **Service Retailers:** These are retailers that offer services rather than physical goods, to consumer. They include doctors and lawyers.

-

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- **Wholesalers**
- Buy and resell merchandise to retailers or to institutional, industrial or commercial enterprises.
- Normally take title of goods they sell.

- Their functions include:
 - Purchase in bulks from producers,
 - Assume all the risk – transporting and storing goods.

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- Provides storage and transportation services
- They sometimes offer credit facilities to retailers.
- They offer advisory services to retailers, for example, how to display, or promote products.

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Types of Wholesalers

- (i) Merchant Wholesalers** – These take title of goods, and are involved in buying of goods from manufacturers and selling them to retailers and internal users.

- (ii) **Agents and Brokers-** Agents do not take title to the goods, but only negotiate and arrange sales on behalf of other the sellers or the buyers, for a commission
- Their main function is to facilitate selling and buying.

- Brokers negotiate purchases or sale for a commission and do not therefore take title of the goods.
- Unlike agents who may handle the goods through not owning them, brokers only bring buyers and sellers together to negotiation the sale, but do not handle goods.

- Brokers are commonly found in the insurance industry, and in real estate (buying and selling of land and houses).

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(iii) **Manufacturers' sales branches and offices** . Some manufacturers establish their own distribution offices with their own staff, who market products for the manufacturers.

They ensure total control by the seller in the marketing of his product.

- **Role of market intermediaries**
- **Contact** – market intermediaries establish contact between consumers and producers

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- **Physical distribution –**
- **Storage.**

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- **Breaking the bulk**
- **Research-**

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- **Risks**
- **Logistical Support-** for example, facilitating payments between commenced producers, and banking services.

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- **Channel Logistics**
- Efficiency and effectiveness of a distribution channel depends on there being a well coordinated physical movement of products,

- Includes such activities as production, scheduling, storage, inventory control, materials handling, purchasing order processing, transportation and plant/warehouse site selection.

Store layout



- **The Logistical Plan**
- Companies need to have a well coordinated logistical plan that takes into account the interdependence of the different distribution functions and provides an opportunity for cost saving.

- The logistic system has three broad categories:
- Stationary facilities
- Transportation network
- Location
-

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- **Stationary facilities.** Any geographical location in which there is storage or transfer of goods from one mode which are located at some points between the company's plant and its customers.









- **The transportation network.** Includes all types of carriers – rail, water, highway, pipeline and air.
- The mode of transport varies according to circumstances and the nature of product.







Transport logidtics



- **Location.** The location of the sellers production and distribution facilities in relation to those of customers is an important factor in his ability to deal with the limitations of time and space.

- **System Operations**

- Concerned with the how much, when and where of product movement, and has five functions communication, scheduling, inventory control, materials handling and traffic.

-

- **Communication.** both external as well as internal communication.

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- **Scheduling.** Involves proper synchronization of all the operations and coordination between the marketing manager and production managers.

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- **Inventory Control**
- Very important in order to ensure the sufficient inventory is kept to match customer demand at the most economic terms.
- Maintain a buffer stock

- Considerations in selecting an appropriate channel of distribution:
 - Customer characteristics
 - Product characteristics
 - Company characteristics.
 - Environmental characteristics.
 - Intermediaries
 - Competitors

Selection of Middlemen

- Consider.
- Number of years in business
- Location:
- Potential for growth
- Other products handled by the middleman.
- Sales records.
- Financial Ability

- Modes of transport







SEMIS Competitor Analysis

J.M. Munyoki, PhD

2015

Identifying The Company's Competitors



Company



What aspects of the company should one claim that is a competitor?



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- multinational
- ownership, structure
- products handled



Company
and it is
competitive
strategies

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- ▶ they are not
and objectives
market share
exiting from the market

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towards
level of

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Like others, the company is opening its stores under its own name now happily. Supermarkets are brand on.

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► company
opens
in the same
business.

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► occur in
unprofitable
to achieve a
market.

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- ▶ These are the strategies which must be adopted by the overall enterprise. They may adopt any of the following types of strategies:
 - ▶ Contracting

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market
and reputation

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- original company
existing
through re-formation
liquidation or merger

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SEMI-CON

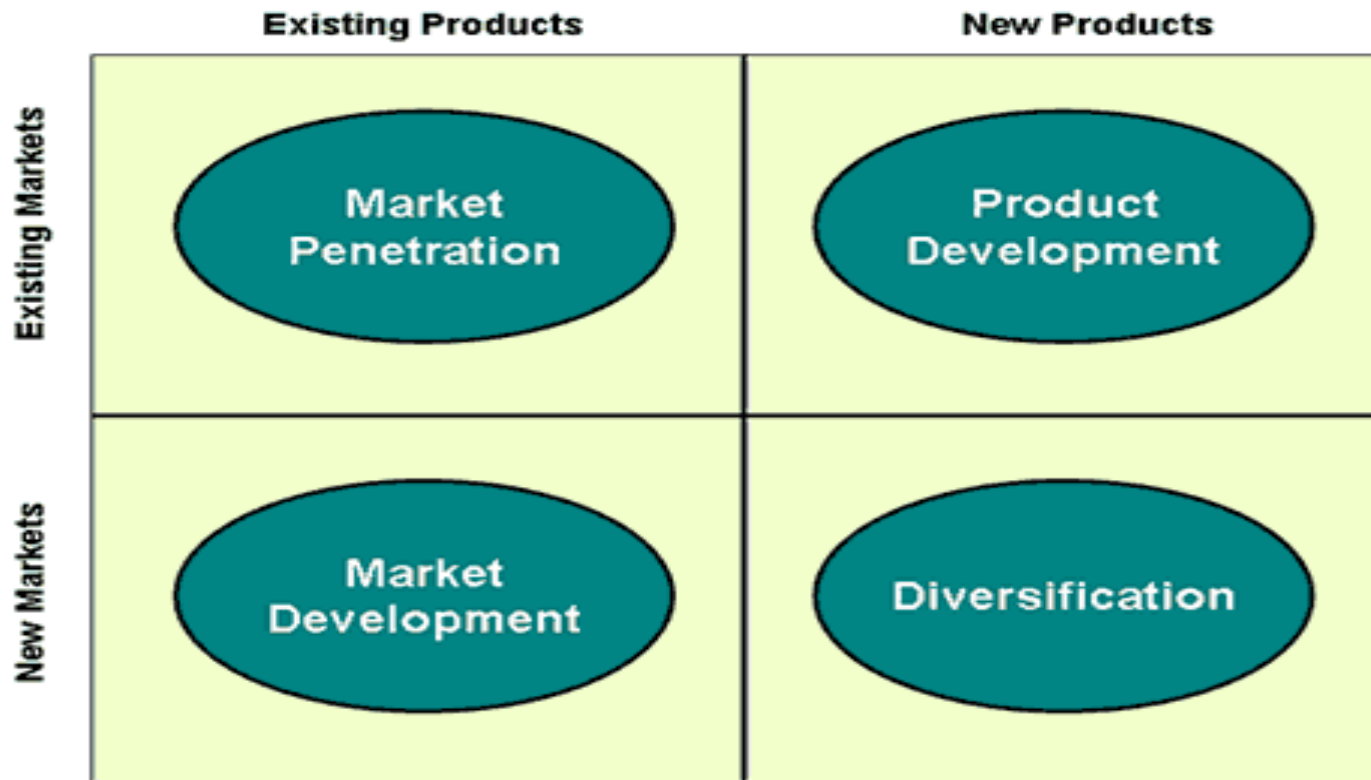


range of
products
produced
existing in or
entirely n



(By market)

- ▶ Market penetration
- ▶ Market development
- ▶ Product development
- ▶ Diversification



Market Penetration

existing
markets

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Market development

Target
in new

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Product development

strategic
new or
existing markets

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. Diversification

development of
markets

- ▶ It can be horizontal, vertical or conglomerate, especially conglomerate, which involves both new products and new markets



- ▶ To survive
- ▶ To deal with
- ▶ To grow
- ▶ To enter new
- ▶ To increase
- ▶ To gain
- ▶ To spread

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▶ In 60 years
firm co

▶ PIONEER IS

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- ▶ A Pioneer?
- ▶ A Follower?



▶ **STRATEGIC MARKETING PROGRAMS FOR PIONEERS**

- ▶ Mass marketing
- ▶ Niche penetration
- ▶ Skimming of prices

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(100%)



Form strategy



Flanke





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Management
strategies



Contract
strategies



strongly
very strong
attack by
competitors

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Dev
(fightin
directly
offering.

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firm's reputation
competitiveness
lower quality
to appeal to
segment

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Eg: Alvaro: Kenya Breweries



Novida by Coca Cola to shield Coca Cola from





Follow
strategies



Frontal attack



Leapfrog



Flanking



Encircle



Guerilla

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ways
preferen





existing
products

new
products

new
products

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market
existing bus
strongly held

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untapped
develop
tailored to
preferences
customer
appropriate
pricing po
selective

SEMI-CON



- ▶ The idea of a “peripheral market” is to create a market for products that are not currently being sold in the market.
- ▶ Involves creating a market for products that are not currently being sold in the market.
- ▶ The idea of a “peripheral market” is to create a market for products that are not currently being sold in the market.

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more
competent
major segment

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order to
some of us



This may include
price cuts.

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▶ **STRATEGIES FOR MATURE AND DECLINING MARKETS**

▶ In the declining market, the firm may face the challenge of how to liquidate the market.

▶ It may be necessary to reduce the operating expense of the dying product.



costs, profits &...

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MARKETING STRATEGIES FOR MATURE MARKETS

- ▶ The marketing mix can be used in a number of ways
- ▶ Penetration
- ▶ Extended
- ▶ Market re



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three sectors
strategic
product market



.



Realistic
knowing
a approach



Exit barriers



Intensity

rivalry: you
like?



SEMI-LOW

- ▶ DIVERSIFY
the business
the investment
- ▶ should be held
buyers are
future direction
pattern in

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can be
generally
maximized
relatively short

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attract

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stronger than
others in the
marketplace.



Invests in
exiting

SEMI-UNION





Identify
segments or
pockets or
segments of

SEMMIS - UON





Business objectives



Competitive objectives, such as
market share, profitability,
technological leadership,
customer satisfaction

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SEMI-OWN

STRENGTHS

- ▶ Do you know your strengths?

PATTE

▶ How do we

SEMIS - UON

category

SEMIS - UON

Does
strongly

SEMI\$ - GON

Read the work of
of contemporary
others.

SEMINARS - UON



requirements
assault



Such a computer
monitors its
information
attacks of
immediate

SEMI-UNION





Kind of
unpredictable

SEMIS - UON



- ▶ Very important
- ▶ Everyone in the organization needs to be able to detect a vulnerability, report it, pass it on to the appropriate authorities, and coordinate a response

SECURITY - NOW



PLAN

Having intelligent agents
enable a system to
identify the problem
it can attack and
should attack

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and why?
Why?

▶ Strong version

▶ Close version

▶

▶



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CSIS



Weak
Competitors

UNIVERSITY OF NAIROBI
SEED ENTERPRISE MANAGEMENT INSTITUTE (SEMI_s)

SEMI_s Seed Marketing

Case Analysis

GREENFIELD SEED COMPANY (GSC)

By J. Munyoki

Greenfield Seed Company (GSC) is a local seed company based in Nairobi, with branches in Kisumu and Mombasa. The company has been doing very well in the Kenyan market, and already has a sizeable share of the market. Management is realizing that the market in Kenya is becoming increasingly competitive, and feels that this is the time to come up with strategies to deal with the competition. The company has been experiencing low profits as a result of poor sales. It lacks financial resources to expand its productivity, and the staff are poorly paid. The company recently closed down its offices in Mombasa over huge unpaid rental and other operational expenses. Its staff do not seem to have enough information about the company's seed products and often give misleading information about the products. This has made some customers uncomfortable and a number of previously loyal customers have run away to competitors.

Last year, the company introduced a new maize variety, LH2000, which is meant for low altitude areas. The product has so far not peaked up, and most farmers do not seem to know about it. Distribution of the maize variety has been very poor and often reaches the stockiest long after the onset of the rains, when farmers have already bought other varieties.

Recently, the company held a three day workshop during which several options were explored. One of the most exciting presentations was made by James, a seed marketing consultant. James convinced the managers that in order to deal with competitors properly, the company must first understand them "you cannot compete with a competitor you do not know", He argued.

James explained that the company should collect information about its competitors, analyze it, and use it to come up with appropriate strategies. "But we already have most of the information we need about our competitors" exclaimed Joshua with a sigh of relief. "We know their names, their location, and their ownership" He went on to say. "That's very good, but there is a lot more we need to know about competitors" Interrupted James .

The company has resolved to have a follow up Workshop during which strategies to deal with competition will be discussed. Some managers are already of the view that the company should open up and expand within the region, particularly to areas where there is a big potential for growth. Southern Sudan and Rwanda are already being proposed as possible targets for expansion. It has also been resolved that the company should, over the next three weeks, collect information about its competitors using market intelligence.

Required

- a. How can the company carry out market intelligence?
- b. What more should a company know about competitors, as far as James is concerned?
- c. Do you support the idea of expanding to new regions? Explain
- d. How can GSC enhance the sales of LH2000 ?