

# MARKETING MANAGEMENT

Marketing is the performance of business activities that direct the flow of goods and services from the producer to the consumers. Such activities involved in marketing include promotion, distribution and selling .

Marketing involves identifying, anticipating and satisfying customers' needs efficiently and profitably.

In summary, marketing is about understanding customers and finding ways of producing goods and services they need.

## **Activities involved in marketing include;**

- Conducting market research to find out what customers need
- Developing or providing goods / services that satisfy customers' needs.
- Pricing the products (setting appropriate and affordable prices)
- Promotion of products by informing and attracting customers to buy them
- Distribution of products to the customers
- Providing customer care.
- Selling the products to the customers
- Performing appropriate after sales services
- Maintaining the brand image of the business

Selling refers to the giving goods or services to customers for a consideration ie. in exchange for money

## **DIFFERENCES BETWEEN MARKETING AND SELLING**

1. Marketing focuses on customers' needs i.e aiming at satisfying the needs of customers while selling focuses on the sellers' needs ie. Using the appropriate means to convince customers to buy the products.
2. In marketing the customer enjoys supreme importance while in selling the product enjoys supreme importance.
3. In marketing an entrepreneur first identifies the customer's needs while in selling, the product is first made and then efforts made to sell the product.
4. In marketing there is an integrated approach to achieve long term goals while in selling there is a fragmented approach to achieve immediate gains from customers.

5. In marketing, the seller is to be aware of what he is selling while in selling the buyer is to be aware of what he is buying. Caveat venditor VS caveat emptor
6. In marketing, profits are earned through satisfying customers' needs while in selling profits are earned through making higher volumes of sales.
7. Marketing refers to all activities carried out by the business in order to make the customer aware of the goods or services while selling refers to exchanging products for money.

### **Common terms used in marketing**

- (a) **Market:** This is an arrangement that enables buyers and sellers get in touch with each other with the aim of exchanging goods/ services. It also refers to people/ institutions in a specific geographical area that need products and are willing to pay for them.
- (b) **Market Research:** Refers to the portion of total market which is served by the firm.
- (c) **Market gap:** Refers to the proportion of customers' needs available in the market that have not yet been satisfied by the existing products.
- (d) **Market segment:** This is a section of the target market population having similar characteristics e.g same sex, same age, same education level etc.
- (e) **Market testing:** This is a method by which a new product is introduced, usually in a limited or small carefully selected geographical area in order to predict its performance in the market place.
- (f) **Marketing ethics:** These are the standards, values, morals principles or guidelines which control or govern the marketer's behaviour in the market place.
- (g) **Potential customers:** A group of people sharing common needs and characteristics that a business decides to serve.
- (h) **Market fit:** The degree to which a new product of a firm is likely to attract or appeal to existing customers.

## **FUNCTIONS OF MARKETING**

1. It helps an entrepreneur to identify and satisfy customers' needs through carrying out market research.
2. It helps an entrepreneur to generate income/profits. This is because marketing is responsible for identifying opportunities which enable goods and services to be sold at profitable prices.
3. It helps to maximise benefits to the enterprise through ensuring success ie by applying appropriate promotional measure / activities.
4. It helps an entrepreneur to manage effects of change and competition through coming up with new products, advertising campaigns, price alterations and special offers.
5. It helps an entrepreneur to co-ordinate activities to achieve marketing aims like marketing profits.
6. It helps an entrepreneur to ensure the survival of the business. This is when the customers' needs are satisfied and customers appreciate the product of the business.
7. It helps an entrepreneur to promote and maintain the image of the firm amongst the customers
8. It helps an entrepreneur to increase on the sales volume of the business thus maximising the profits of the business.
9. It helps an entrepreneur to keep focused on promoting the business products.
10. It helps an entrepreneur to compete favourably in the market through setting appropriate marketing strategies.

## **TARGET MARKET POPULATION**

This refers to a group of people within a given area, an entrepreneur is supposed to sell his products to. Example of target market population include: Women, men, children, students, hospitals, schools, hotels etc.

## **FACTORS THAT DETERMINE A TARGET MARKET POPULATION**

1. **Income levels of the potential customers**

Customers with high levels of income form a bigger target market due to high demand for products and vice versa. i.e. The higher the level of income, the lower the quality demanded.

**2. Consumption habits:**

Customers whose consumption habits involve spending large amounts of money to buy a product form a bigger market share for a business while customers who usually spend less on a given product constitute a small target market.

**3. Age and sex.**

Different age groups require different specified products and as well as different people with different sex need different products in different sizes, shape, colour, fashion etc.

**4. Level of competition**

The more the business sells the same product the lower the target market for an individual business and the smaller the number of competitors. The higher the target market

**5. Market share of the business:**

The bigger the market share, the bigger the target market population and the smaller the market share, the smaller the target market population.

**6. Trend in the market**

Market changes like changes in taste in favour of a product expands its target market population while changes against the product like a fall in demand for the product due to many people leaving the area result into a small target market.

**7. Government policies**

Favourable government policies such as reduction in taxes of a product increases the target market because customers are left with a reasonable (increased) disposable income and vice-versa.

**8. Size of the population.** A bigger population offers more demand for goods and services and high target market than a small population which results to small target market

**9. Degree of advertising.** More advertising increases the demand in the market which implies bigger target market than low advertising rates.

**POTENTIAL CUSTOMERS**

This refers to a group of people sharing common needs and characteristics that a business targets to serve with particular goods or services.

## CHARACTERISTICS OF POTENTIAL CUSTOMERS

1. **Age:** Different customers with different ages have different needs for example the needs of the young ones are not the same as those of the youth or the elderly.
2. **Sex/gender:** Customers with different sex have different needs especially in terms of fashion, size, and even colours.
3. **Location of the customer:** I.e. where they live, work and where they go.
4. **Income levels:** Potential customers can be defined by the level of income either high, medium or low income. E.g. when the business is focusing on highly priced and high quality products, then target customers are in the bracket of high income earners.
5. **Occupation:** The business products may appeal to a particular occupational group or social class e.g. a stationery shop may cater for teachers and researchers.
6. **Leisure activities:** The potential customers of the business may be defined according to their leisure activities or participation in a given sport e.g. equipment shop targets sports ladies and men.
7. **Usage of the product:** The potential customers can also be defined according to the product used by the customers. The usage may be on a simple level, heavy use, medium use, low use or skilled use or unskilled use.

## THE MARKETING MIX

This refers to the combination of all the marketing efforts and all the marketing decisions of an enterprise done to satisfy selected groups of customers. The marketing activities are called the tools or elements of the marketing mix or the 5 ps of marketing (major ones) which represent the product, price, promotion, place and position. However, there are others making them more than five.

### Elements / components / examples of marketing mix.

1. **Product:** This is anything in form of a good/ service offered by a business to satisfy identified needs of customers in a given market. It involves developing high quality products, packaging giving attractive brand names so as to attract buyers.

## **FACTORS TO CONSIDER WHEN DEVELOPING A PRODUCT**

- (a) Availability of raw materials for making the product
- (b) Customers' needs to be satisfied (demand for the product)
- (c) Features of the product in terms of colour, fashion, shape brand name, taste etc.
- (d) Environmental factors that may affect the product
- (e) Level of the profitability of the product
- (f) Level of skills require for the production of the product
- (g) Current level of technology and scientific development
- (h) Government policy towards quality standards
- (i) Level of development of infrastructural facilities like warehoused, power supply, transport facilities etc.
- (j) Features of the competitors' product.

2. **Price:** This is the monetary value of a good/service or the amount of money that must be given to the seller in order to get the goods or benefit from the service. It involves determining price levels or pricing policies as well as credit policy. The price charged should not be too high or too low

## **METHODS OF PRICING PRODUCTS**

1. Sales by auction / bidding. In this case sellers compete by offering different prices and the highest bidder takes the product.
2. Treaties. This is where the price for the product is set through agreements set between the buyer and seller.
3. Bargaining or haggling. This is the method where the price is determined through negotiation between the seller and the buyer until the price is reached.
4. Forces of demand and supply. This is where the price is determined through the market forces of demand and supply. The higher the demand the higher the price and the reverse is true.
5. Collusion. This is where firms (sellers in an industry come together to agree and fix the same price at which products can be sold eg. MTN and Airtel communication companies.
6. Resale price maintenance. This is where the price is fixed by the producer. Ie. How much products should be sold to retailers or to consumers.
7. Price leadership. This is where one firm sets a price for the others to follow. This is mostly done by bigger companies.
8. Price legislation or govt pricing policies. This is where the govt sets prices to be followed by sellers and buyers ie. Minimum and maximum price legislation.

9. Offers at fix prices. This is where prices are fixed by individuals, govt and or institutions.

### **FACTORS TO CONSIDER WHEN SETTING PRICE**

1. The cost of the production of the product or the purchase price for the product.
2. The prices of competitors of the market prices of similar products on the market.
3. The expected return on investment. (The profit margin needed) needed.
4. The income level of target customers
5. The number of suppliers of similar products
6. The level of demand for the product
7. The nature of the product in terms of factors like durability, quality, newness etc
8. Terms of sale i.e cash basis or credit
9. The quantity demanded
10. The geographical location of the business and that of the potential customers
11. Government policies affecting price e.g taxation.
12. Cost of delivery or transportation costs for the product
13. The time required to produce the product
14. The need to make the price more attractive to the customers e.g by giving special offers.
15. Storage cost of the product in relation to the future price. When storage cost is high and the anticipated future price is low, price is reduced and the reverse is true.
16. The level of organization of sellers in the market. If the sellers are well organized, prices are likely to be high since they can come together in agreement to set uniform price; but if they are not organized prices are likely to be low since each of them would be fighting to set low price so as to win market.

### **3. Place or distribution**

This refers to the various channels of distribution that are selected and used by a business to make its products available / accessible to the target customer/ market in the right location at the right time and the right qualities.

### **FACTORS CONSIDERED WHEN SELECTING THE PLACE**

- a) Channels of distribution available
- b) Transportation, the physical movement of the products at the right time to the right place where the customers can get them
- c) Ware housing or storage facilities available

- d) Inventory control, i.e. the process of regulating the volume of goods or materials and their flow in or out of the business efficiently and cheaply to meet the customer needs.
- e) Location. This means making the products available at the right spot where the target customers want them and at the right time.
- f) Security: the place where the business products are being stored and made available should be secure for them to access the business.

#### 4. **PROMOTION:**

This refers to all the activities that help to increase sales of a particular Commodity ie. All sales promotion activities.

- 5. **POSITIONING OF THE PRODUCT.** This is the ranking of the business in relation to its competitors ie. The performance of the firm's products on market compared to those of its competitors.

**Others include;**

- 6. **Packaging.** This is the process of wrapping, filling or compressing of goods to protect them from atmospheric conditions so as to maintain quality.
- 7. **Process.** This element is important to achieve results in as far as market is concerned for a business to increase market share, it must implement a marketing planning process.
- 8. **People.** These are the consumers of the products, hence the products produced must meet the individual needs of the people consuming it.
- 9. **Physical evidence.** This is the material aspect of the product; the physical attributes should be in such a way that it can attract consumers.
- 10. **Planning.** This is the decision taken by management regarding what, when and how to produce products.
- 11. **Perestroika.** This is a policy of Di structuring and reforming the various systems applicable in the organization to attract more customers.
- 12. **Provision.** This refers to the pre-thorough measures taken in advance for meeting some future needs/interest in order to satisfy the customer needs or interests.
- 13. **Probe.** This refers to the act of discovering with thoroughness the needs and desire of the customers' strategies about the competitors and how to beat them
- 14. **Permeatre.** This refers to the concentration into every market and spread inform so as to satisfy the needs of the customers.

## **Sample Questions**

- 1. Describe the elements of the marketing mix.**
- 2. Explain the factors that determine target market population**
- 3. What is meant by the term marketing mix**
- 4. Why is it necessary for an entrepreneur to carry out market research**

## **MARKET RESEARCH/ MARKET SURVEY**

This is a systematic process of collecting, recording and analysing information relating to marketing problems and opinions of the public about the firms' products to enable present and future decision making.

### **OBJECTIVE/ REASONS FOR CARRYING OUT MARKET RESEARCH**

- To find out who the customers (potential customers) of the business are
- To find out the location of the customers
- To collect data for assessing the strengths, weaknesses, opportunities and threats (SWOT) faced by the competitors.
- To establish the customers opinion about the products of the business so as to enable the firm to prepare / plan accordingly.
- To find out information about the market for better decision making
- To enable the entrepreneur to find out his market share and market gap
- To determine the level of profitability of the business products
- To determine the effectiveness of the promotional strategies being used by the business
- To estimate the income levels of the potential customers to find out the actual products the customers want
- To assess the level of competition with rival firms.

### **LIMITATIONS TO EFFECTIVE MARKET RESEARCH**

- Inadequate skilled man power to effectively and efficiently handle market research.
- Language barrier cannot allow market research to be effectively carried out as some of the respondents/ customers may not understand the language spoken /used by the researcher.
- It is expensive to carryout market research yet most firms do not have adequate funds to finance market research.

- d) Poor cooperation from the public i.e some respondents refuse to answer questions and others give false information.
- e) It needs a lot of time to be conducted and get the required information which discourages entrepreneurs from carrying it out.
- f) Poor transport and communication facilities accessing some areas of the country is difficult due to poor road network and this makes it impossible for researchers to get some information.

## **METHODS/TOOLS OF MARKET RESEARCH**

1. **Personal contacts:** This is an informal method of collecting market research information which involves the entrepreneur talking to family members and friends by asking relevant questions like on the type of the product the customers want, their opinions about the available products on the market etc.
2. **Interviews:** This is a formal method of collecting marketing information by asking people various questions so that they can give their views on different areas of interest.
3. **Observation:** This is a method of market research that requires the researcher just to look at business activities in the community and then records down the required information relating to marketing.
4. **Questionnaires:** This is a method of data collection where lists of systematically organised written questions are given to selected respondents to fill or record in their responses related to marketing.
5. **Brainstorming:** This is a method that can be used to solve a problem related to any field by gathering many ideas relating to marketing.
6. **Field study/fieldwork/excursion:** This method requires the research to go to the field to find out information about certain variables.
7. **Sampling:** This method involves a researcher taking a specified number to represent the whole population e.g. consulting 10 respondents for every members.
8. **Literature review/using written literature.** Here the researcher gets information from the information already published e.g Newspapers, trade journals magazines etc.

9. **Use of internet or surfing.** This is where information is got from different websites from internet.
10. **SWOT analysis.** This involves getting information about business strength, weakness, opportunities and threats from the business environment.

#### **STEPS FOLLOWED IN CONDUCTING A MARKET SURVEY.**

1. Identifying market problems; hence need to clearly define market research objectives.
2. Selecting the product for which market survey is to be done or conducted.
3. Choosing the target area where the market survey of a given product is to be done.
4. Selecting the appropriate method to use in the market survey. These may include; observation, interview, using questionnaires, etc.
5. Developing the data collected about the major 5P'S ie. Product, place, price, promotion and positioning.
6. Analysing the market strategy which the entrepreneur comes up with . hence be able to address customer needs which aren't being met in the market currently.
7. Assessing the feasibility viability of the selected products in the market.

TITLE reflecting name and address of the business' products and Statement programme for-----			
Time frame	Activity	Person in charge	Remarks
	Identifying market problems/challenges  Selecting the product for which market survey is to be done.  Choosing the target area for where the survey of a given product is to be done.  Selecting the appropriate method to be used in the market survey.  Developing the data collected about the 5P'S.  Analysing the market strategy which the entrepreneur comes up with.  Assessing the feasibility and viability of the selected products in the market.		
Prepared by; signature----- Name----- Title-----			

## DESIGNING A MARKET SURVEY GUIDE/ QUESTIONNAIRE

A market survey guide is a document designed by the business to guide the researcher while collecting the information about the market for a particular product. It should be designed in such a way that it bears questions about the details of customers, products, prices, competitions, possible opportunities and threats, place and positioning.

**e.g.** You are a marketing manager of a grain milling project. Design a market survey guide that will be used to collect information about the market.

YOUNG SAVERS GRAIN MILLERS  
P.O BOX 429  
KAMPALA – Tel: 0412 854009

## **MARKET SURVEY GUIDE**

Dear customer / respondent, this guide is prepared to enable our business to find out information about our products so as to improve on them and improve on services offered to our customers. Any information given shall be kept confidential.

Date:.....

### **1. Customer's personal data**

Name:.....Sex..... Age:.....  
Marital status.....Occupation.....  
Monthly income.....  
Location/ Address.....

### **2. Questions about the products**

- (a) Which flour do you prefer most?
- (b) Give reasons why
- (c) What features should our flour brands have?
- (d) What new changes should be made on our products

### **3. Questions about place**

- (a) Where do you normally buy flour brands from?
- (b) How convenient is it for you?
- (c) What distribution channels are being used by our competitors?
- (d) What distribution channels should be used for our products to reach customers conveniently?

### **4. Questions on price**

- (a) What prices are being charged for various flour brands? (Market price)
- (b) What prices do you expect for our products?

### **5. Questions on promotion**

- (a) How did you get to know about our products?
- (b) How best would you wish to get information about our products, prices and the business at large?

### **6. Question about position( Ranking)**

- (a) How do you compare our flour brands with those of competitors?
- (b) Give reasons

## 7. General comments

(a) What are your general remarks about the business?

Thank you

8. **Market survey / conducted by:** Signature:.....

Name:.....

Title.....Date.....

### **circumstances under which market research may be done/conducted**

1. when there is need to establish who the target market is. ie. when the entrepreneur needs to know the potential buyers of his products.
2. When determining the market share. The entrepreneur can get to know how many customers are loyal to his products.
3. When there is need to increase the sales of the firm. Market research can avail information about customer needs hence enabling the entrepreneur sell commodities according to customer needs
4. In case of assessing the level of competition and if very stiff, improvement on marketing techniques is done to out compete competitors.
5. When determining the effectiveness of the distribution channel, whether the channel used is creating positive impact on sales or not.
6. When determining the effectiveness of the price charged in the market. Whether the price charged is attracting more buyers or not.
7. When establishing the needs of the customers. Ie. When finding out what they actually want the products to be like.
8. Where there is need to find out the effectiveness of advertising and sales promotion. ie. Whether the method used is creating more customers /sales or not making any impact.
9. When identifying the changes in the environment which may affect business sales or profits in the future eg. Changes in consumer taste and preference.
10. When assessing the level of current demand for the products in the market

## **MARKETING STRATEGY**

This includes identifying customers' groups (target market) which a small business can serve better than its large competitors and designing its product offers, prices, distribution, promotional efforts and services towards that particular market segment.

Ideally the strategy should address customers' need which are not currently being met in the market.

## TOOLS FOR EFFECTIVE MARKETING STRATEGY

1. **Net Working:** This is a marketing strategy whereby a small business strategically makes a number of connections with people or groups that can help promote the marketing of its products.
2. **Referrals:** This is a marketing strategy involving the business owners using the existing customers to help in directing new customers to the business.
3. **Writing promotional information:** This marketing strategy involves the business in preparing and placing information about its products in the business magazines, telephone directories, the internet, trade journals, newspapers etc.
4. **Newsletters.** Publishing news letters is a marketing strategy that helps the enterprise to keep its name in front of the customers by sending summarised information about its products to select potential customers.
5. **Advertising:** This strategy involves the business giving promotional information / persuasive information about the products it has for sale or concentration on the problem the business can solve using its products.
6. **Giving free information to interested prospective customers:** in this strategy, the business gives brief but relevant information that will help the target market with their problems.
7. **Offering a guarantee:** Under this strategy, the business gives a formal assurance to the customer that the product is of the specified quality.
8. **Cold calling:** An entrepreneur applies this strategy to uncover qualified potential customers by calling them and then starting the conversation with a good opening to capture their attention towards the business and its products.
9. **Pricing:** This strategy involves an entrepreneur setting competitive prices for his products that is affordable to the customers and profitable to the business.
10. **Promotion:** This strategy comprises of all activities other than advertising and personal selling that help to increase the sales of a particular product of the business.

11. **Product or service launch plan:** Under this strategy, an entrepreneur prepares well-arranged activities to be followed to introduce a new product to the potential customers in a selected market area so as to create market.
12. **Customer service:** This strategy comprised of all those activities designed and implemented in the business to improve the level of customer satisfaction.

## **MARKET SEGMENTATION**

This refers to dividing the market into groups of individual market with similar needs. The enterprise divides these markets into district groups which have district needs and behaviour.

### **Objectives/ Roles/ Importance/reasons for market segmentation**

- To group customers with similar needs and responses
- To determine which group of customers to serve.
- To find out how a product can compete with others in the market
- To accurately and profitably meet the needs of selected customers
- To retain more customers
- To effectively and efficiently reach and serve customers
- To gain more an improved market share.

### **Basis for market segmentation/ variable factors considered/ Basis For consumer markets.**

1. **Geographical segmentation:** This involves dividing the market into different geographical units such as nations, states, regions, cities etc. Then the business decides to operate in one or few geographical areas but pay attention to geographic differences in needs and wants.
2. **Demographic segmentation:** i.e. dividing the market into demographic variables such as age, family size, family life cycle, income, education level and occupation.
3. **Geo-demographic segmentation:** This aims at identifying groups of small geographic areas that have similar demographic profiles. i.e. is where buyers are grouped basing on both demographic and geographical segmentation eg. Age group, income level etc. in different cities or regions.
4. **Psychological segmentation:** This involves intangible variables of potential customers such as beliefs, attitudes personality and opinions.

5. **Social economic segmentation:** This is based on such characteristics like income, occupation and education such segments are indicators of behaviour such as lifestyle, price sensitivity and brand preferences.
6. **Product usage:** This is segmentation according to how potential customers can use the firms' product and is behavioural based (Based on behaviour). It also depends on their attitude / response to the product.
7. **Generation:** Generation refers to where market is grouped basing on people who are born in the same period of time ie. Market is grouped basing on people born in the same period of time. such people share a lot in common not only are they of the same age, but also they experience similar economic, cultural and political influences in their formation years.
8. **Benefits sought.** This is the grouping of customers according to what they are seeking from or in the product e.g price sensitivity (fair price), brand name, quality or services.
9. **Discussion segmentation** depends on the decisions to be made e.g for pricing decisions segmentation should be price sensitivity.

### **CRITERIA FOR CHOOSING SEGMENTATION BASIS**

1. Internal/external homogeneity. The potential customers should have similar response to the market.
2. Parsimony. Ensuring segmentation makes potential customers a unique target.
3. Accessibility. Ensuring the marketeers can reach segments differently using available characteristics.

### **HOW SEGMENTAION CAN INCREASE PROFITS**

1. By meeting customers' needs better through better positioning to selected segment.
2. By allowing price increase without sacrificing much volume.
3. By enabling reduction of costs through targeting the most profitable segment.

### **MARKET ASSESSMENT**

This is the process of collecting and analysing market in order to identify market opportunities and problems.

### Steps in market Assessment (programme in case of paper 2)

1. Selecting the product on which Assessment is to be done.
2. Identifying the target market. This involves identifying potential buyers of the product upon which data is got.
3. Choosing the approach to be used, the best method for assessment is the chosen.
4. Collecting data. This is done using the method chosen by the researcher.
5. Analysing the data collected. The information collected is the analysed to get meaningful assessment.

TITLE reflecting Name and Address of the business products and statement Programme for -----			
<b>Time frame</b>	<b>activity</b>	<b>Person in charge</b>	<b>Remarks</b>
	Selecting the product on which Assessment is to be done.  Identifying the target market.  Choosing the best Approach to be used.  Collecting data using an appropriate method chosen.  Analysing the data collected to get meaningful Assessment	Use Names	Should be left blank
<div style="text-align: center;">             Prepared by; Signature-----               Name-----               Title-----           </div>			

## **Importance / Benefits of Market Assessment**

1. It enables an entrepreneur to assess the strength and weaknesses of his competitors so as to increase market.
2. It helps the entrepreneur to establish the interests of customers' needs and desires.
3. It enables an entrepreneur to find out who the customers of the business are, in terms of sex or age.
4. It assists to find out the problems of the current products areas well as the challenges facing the product in the market.
5. It helps an entrepreneur to establish the location of the customers for the business so as to decide on how to reach them.
6. It widens the market, businesses are able to increase the size of the market by establishing how effective the advertising method is.
7. It enables an entrepreneur to establish which prices are appropriate to the customers, how much customers are willing to pay.
8. It helps an entrepreneur in decision making to enable the business to take right decisions as regards marketing strategies.
9. It helps to determine the most appropriate channel of distribution to be used when delivering goods and services.