**LECTURE SEVEN: MARKETING IN AN ENTEPRISE**

I welcome you to the study of marketing in an enterprise. In this topic we shall study the Following: the term marketing, the importance of marketing, how to identify and select a target market, the marketing mix, Global Forces Affecting Marketing and the consumer behaviour.

Kindly, make sure that:

* You complete this lecture before proceeding to the next one.
* Refer to the suggested additional resources to get further information on each topic
* Make notes as to simplify your study
* Complete all activities and questions as you progress
* Spend at least 3(three) hours to complete this topic for you to understand and apply the knowledge and skills acquired

Once again welcome and let us begin. Good luck

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| By the end of the lecture, you should be able to:  I Define the term marketing  ii Describe the importance of marketing  iii. Understand how to identify and select a target market  iv. Analyse the marketing mix  v. Identify Global Forces Affecting Marketing.  vi Describe the consumer behaviour |

**What is marketing?**

It is a process which identifies plans and satisfies customers need or requirement profitability. It can also be seen as a series of activities which involve planning and deciding on the best pro ducts or services to be sold, ways of pricing, best methods of distributing and promoting your products or services.

The following are the main activities of marketing:

* + - 1. Analysis of the target market and deciding on whom you are going to sell to.
      2. Determining your customer’s needs.
      3. Planning, developing and deciding on the products or services that will satisfy the needs of the customer
      4. Planning and deciding on the prices which will be charged.
      5. Planning and deciding on the best methods of informing, attracting and selling to the customers.
      6. Looking for marketing information to enable you to make marketing decision.

**IMPORTANCE OF MARKETING**

We do marketing in almost everything we do in our lives. That is why we can talk of selling our ideas or opinions to our friends or colleagues. We can also talk of our potential selling its policies to potential voters. In business marketing is very important because it has the centre of all business activities. The following are the main reason why is important.

1. all business are based on the sale of a product or service
2. Marketing helps in creating demands for goods and services. This in return, stimulate production

Trade association e.g. Kenya Association of manufacturers

Daily newspapers e.g.

**Methods of getting information**

When you want to get information you can use the following methods

1. Observation: you can observe what people are buying or even pause as a customer in a potent6al competitors business.
2. You can also get information directly from people by interviewing them. You can write to people or call them by telephone to look for information.
3. You can also read from your business record within your business

**IDENTIFYING AND SELECTING YOUR TARGET MARKET**

**What is a market?**

Every business sells (or market) some product or service. Therefore, every business has a market. But what is that market

1. The customer who needs what you are selling.
2. The customer who is able to buy what you are selling.
3. The customer who is willing to buy what you are selling.

Therefore, for a customer to become your market, he or she must be in need of your product, have the ability to buy and be willing to buy.

**EXAMPLE**

Suppose you are selling in your hotel pork sausages. You should understand there will be customers who need them but cannot afford may be because of pricing. Others like Muslims will not buy even if they have ability to buy because of their religious belief.

**Types of markets**

There are generally two types of markets.

* + 1. House hold customers: These are people like you and me, who normally buy items for direct use (consumption). Generally they buy small quantities.
    2. Industrial and business consumers: The industrial consumer buys from you what you sell as his raw material to go and make something else with it. For example they might buy your farm produce to go and process something else.

The business consumers are the distributors, wholesalers and retailers who buy your products to go and sell to household consumers.

**Identifying target consumer groups**

If you want to sell effectively and succeed you must identify your customer groups, learn about their behaviour and characteristics they have in common. Having similar characteristics each group is called a segment or sub-market

The following is the process of identifying customer groups

1. start by gathering information about the customers (the market)
2. Note the characteristics of the customers.
3. Look at what they have in common and also their differences.
4. Analyse the characteristics by looking at things like age, sex, whether married or single, where they come from, their spending habits/income, and buying patterns.
5. Then you can group together those who have common characteristics.
6. Then, select the group or groups you want to sell to- YOUR TARGET MARKET. You should consider the following points:-
   1. The customer groups should be large enough to allow you to sell more and make profits.
   2. The groups must have clear differences so that each group is really different from the others.

**SCOPE OF MARKETING IN AN ORGANIZATION**

Marketing deals with identifying and meeting human and social needs. It is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

**WHAT IS MARKETED?**

**Goods**: physical goods, commodities-sugar, maize, vehicles, books etc

**Services**: as economies advance, a growing proportion of their activities is focused on the production of services. Services include airlines, hotels, car rental etc.

**Events:** marketers promote time based events, such as major trade shows, artistic performances, company anniversaries and sporting events.

**Experiences**; e.g. mount climbing, visiting historic sites or driving antique automobiles

**Persons**: celebrity marketing is a major business today. Successful athletes, musicians, film stars etc. have managers and agents.

**Places:** cities, states, regions, nations compete to attract tourists. Place marketers include, real estate agents, commercial banks, etc.

**Properties**: intangible rights of ownership of either real property (real estate) or financial property (stocks and bonds) Properties are bought and sold and this requires marketing.

**Organizations:** Organizations actively work to build a strong, favourable and unique image in the minds of their target publics. Companies spend money on corporate identity ads. Tags line such as, your home of value-Uchumi,

**Information:** information can be produced and marketed as a product. This is what schools and universities produce and distribute at a price to parents, students and communities.

**Ideas**: every market offering includes a basic idea.

**WHO MARKETS?**

**Marketers:** a marketer is someone who seeks a response (attention, a purchase, a vote, a donation) from another party, called the prospect. If two parties are seeking to sell something to each other, we call both of them marketers.

**NEW DEVELOPMENTS IN THE KENYAN MARKETPLACE**

Today’s marketplace has radically changed from what it used to be. It is radically different as a result of major, sometimes interlinking societal forces that have created new behaviours, new opportunities and new challenges.

**Changing Technology**: the digital revolution has created an information age. The industrial age was characterized by mass production and mass consumption, stores stuffed with inventory, ads everywhere and rampant discounting. The information age promises to lead to more accurate levels of production, more targeted communications and more relevant pricing. Moreover today’s business is carried on over electronic networks: intranet, extranets and the internet.

**Globalization**: technology advances in transportation, shipping and communication have made it possible for companies to sell and buy products overseas.

**Deregulation:** industries have been deregulated to create greater competition and growth opportunities. Communications, utilities, banking, energy etc.

**Privatization:** conversion of public companies to private ownership

**Customer empowerment**: customers increasingly expect higher quality and service and some customization. They are more and more time starved and want more convenience. They perceive fewer real product differences and show less brand loyalty. They obtain excessive information on the internet and other sources.

**Customization**: companies are able to produce individually differentiated goods whether ordered in person, on phone or online

**Heightened Competition**: brand manufacturers facing intense competition from domestic and foreign brands, which is resulting in rising promotion and shrinking profit margins.

**Industry convergence**: industry boundaries are disappearing at an incredible rate as companies are recognizing that new opportunities lie at the intersection of two or more industries. We have witnessed an era of bank assurance-convergence of banking and insurance

**Retail transformation**: small retailers are succumbing to the growing power of giant retailers and category killers.

**Disintermediation**: getting goods and services at the click of a button on the internet

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| **?** | Activity to pause and reflect  What are the key factors that affect marketing in Kenya? |

**Global Forces Affecting Marketing:**

* Substantial speed up of international transportation, communication and financial transactions leading to rapid growth of world investments and trade;
* Movement of manufacturing capacity and skills to lower cost countries, for example most American consumer and electronic goods are today made in China and Malaysia;
* Rise of trade blocs such European union, COMESA, EAC etc;
* Severe debt problems of a number of countries and increasing fragility of international financial system-global financial crunch of 2008/2009
* Increase use of barter trade and counter trade to support international transactions;
* Move towards market economies in formerly socialist countries along with rapid privatization of publicly owned enterprises
* Rapid dissemination of global lifestyles
* Development of emerging markets, namely China, India, East Europe and Arab countries and Latin America
* Increased tendency of multinational to transcend locational and national boundaries and become transnational
* The increasing number of cross-border corporate strategies alliances-airlines
* The increasing ethnic and religious conflicts in certain countries;
* The growth of global brands across a wide variety of industries such as autos, food, clothing and electronics

**Analysing Your Market and Consumer Behaviour**

One should be able to analyse the markets to be able to compete profitably in their business ventures. There are some questions that need to be answered. However one needs to have information to enable answer these questions.

**Sources of Information for Segmenting and Understanding Your Market**

Here is a list of some major sources of information:

1. Daily and Weekly newspapers, Government Offices (Central Bank, Ministries, Parastatals, Government Bureaus, Training Institutes, Banks), Universities, Chambers of commerce, Internet, Trade associations, Marketing Intelligence, Other similar businesses

**QUESTIONS THAT MUST BE ANSWERED TO WRITE SUCCESSFUL MARKETING PLAN**

*Who buys?* Who are in your target market? What are their characteristics that would make them buy from you?

*Why do customers buy?* Why will they buy your product or services?

*What do they buy?* Which product or service do they typically choose? What brands/ types do they prefer? How do they allocate their income? And how much discretionary income do they have-that is, income above what is needed for necessities?

*How do they buy?* Do they shop around for your kind of product or service, or do they buy when or where it is convenient? Do they prefer to pay cash or use personal credit or a credit card?

*Where do they buy?* Do your potential customers prefer to buy from farm gate, open markets, retail stores, through mail order, or from door-to-door salespeople?

*When do they buy?* Do seasonal influences affect the shopping behaviour of your intended customers? How do holidays influence their shopping behaviour?

You'll need to know how to answer these key questions thoroughly at minimum cost, where to go to acquire the necessary information and how to use the information you assemble. This chapter will guide you in accomplishing these tasks. After studying it, you'll be ready to take specific steps, with very little out-of-pocket expense, to analyse your market.

* Some of the factors determining who buys the products are;

Demographic factors: age, sex, ethnic background, family composition, social class, income and the like.

* Buying habits are shaped to a great extent by: family influence, reference group and the social class to which the person belongs.

**Why do consumers buy?**

There are various ways to know why consumers buy. Some of them are;

**Maslow Needs Hierarchy**

Psychological theory holds that human behavior aims at satisfying needs. Abraham Maslow originated a widely accepted theory of human behavior along this line

Safety Needs

Psychological needs

Social Needs

Esteem Needs

Self-actualization Needs

* **Influence of anticipated consequences**

The decision to buy or not to buy often comes from what we anticipate will be the consequence of your decision. It could be positive consequence or negative.

* **The Focus-Group Interview**

The focus group interview offers a useful tool for finding out why customers might or might not buy a product or service. You can use this method effectively in marketing a new product or service, or in making substantial changes in existing ones. You would rather a group of about ten people representing a cross section of your intended customer population.

**What do they buy?**

What people buy may be divided into two large: *consumer products* and *industrial products.*

1. **Consumer Products**

Although consumer products may be subdivided in different ways, a widely accepted method depends upon how consumers buy them. On the basis consumer products can be divided into four subgroup; *convenience items, shopping items, specialty items* and *unsought items.*

1. **Industrial Products**

Industrial products are mainly for re-use for industrial processing. E.g. of ASAL industrial products would be aloe for pharmaceutical & Cosmetic Companies, Livestock for Beef Canning Companies and Chilies for Chilly Processing Companies.

**How do they buy?**

Consumers buy for cash or for some form of credit. Little need be said about the cash sale. Credit sales take different forms from cash sales and involve somewhat more complicated procedures.

**Where do they buy?**

Where consumers buy depends upon *time utility* and *place utility.* Time utility means that products the consumers want are availability when they want to buy. Place utility means that products consumers want are available where they want to buy. These two variables suggest that many means come into play to give consumers the best combination possible of time and place utility.

**When do they buy?**

If you sell at times when customers find it convenient to buy, you can increase the volume of your business. Preferred buying items follow a variety of patterns. Variables include time of day, day of week, month of year, the impact of seasonal variations, and time of life.

**The Seven Ps of Marketing**

In [marketing](http://en.wikipedia.org/wiki/Marketing), the seven Ps are:

* Product
* Price
* Promotion
* Place
* Process
* Physical Evidence
* People

**Product:** An object tangible or intangible that is manufactured with a specific volume of units. Intangible products are service based like the [tourism industry](http://en.wikipedia.org/wiki/Tourism_industry) & the [hotel industry](http://en.wikipedia.org/wiki/Hotel_industry) or codes-based products like cell phone load and credits.

**Price**: the price is the amount a customer pays for the product. It is determined by a number of factors including market share, competition, material costs, product identity and the customer's perceived value of the product. The business may increase or decrease the price of product if other stores have the same product.

**Place:** this represents the location where a product can be purchased. It is often referred to as the distribution channel. It can include any physical store as well as virtual stores on the Internet.

**Promotion**: represents all of the communications that a marketer may use in the marketplace. Promotion has four distinct elements: [advertising](http://en.wikipedia.org/wiki/Advertising), [public relations](http://en.wikipedia.org/wiki/Public_relations), [word of mouth](http://en.wikipedia.org/wiki/Word_of_mouth) and [point of sale](http://en.wikipedia.org/wiki/Point_of_sale) Advertising covers any communication that is paid for, from cinema commercials, radio and Internet adverts through print media and billboards. Public relations are where the communication is not directly paid for and includes press releases, sponsorship deals, exhibitions, conferences, seminars or trade fairs and events. Word of mouth is any apparently informal communication about the product by ordinary individuals, satisfied customers or people specifically engaged to create word of mouth momentum. Sales staff often plays an important role in word of mouth and Public Relations.

**People**: All people directly or indirectly involved in the consumption of a service are an important part of the extended marketing mix. Knowledge Workers, Employees, Management and other Consumers often add significant value to the total product or service offering.

**Process**: Procedure, mechanisms and flow of activities by which services are consumed (customer management processes) are an essential element of the marketing strategy.

**Physical Evidence**: The ability and environment in which the service is delivered, both tangible goods that help to communicate and perform the service and intangible experience of existing customers and the ability of the business to relay that customer satisfaction to potential customers.

**GUIDELINES TO HELP ANALYZE THE PS IN A BUSINESS.**

**Product/services:**

**a)** What is your product/service?

**b)** Your package- should it be very expensive or cheap? What is the market section or range?

**c)** Is there an after sales service/guarantee

**d)** Size/colours/models

**e)** Competitors- who and what and where

**Price:**

a) What price is needed to make a profit?

b) What price will the market stand?

c) Should the price be the same as competitors? (Cheaper or more expensive)

d) High price, “less discounts”

e) Credit terms? Buy one… get one free! / free gifts? – Incentives.

**Place:**

a) How will product/service be made available?

b) A- Direct (door to door, market stall, shop)

c) B- Agents (wholesalers, retailers, own house/ mail order)

**Promotion:**

a) What information do customers need?

b) What…Advertising, selling, sales promotion, publicity, media release, networking, sponsorship?

c) How often? Where?

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| **!** | Key note |
|  | Summary |
|  | Self-Assessment Question (SAQ) |
|  | Further reading |

**LECTURE EIGHT: MANAGING WORKERS IN AN ENTERPRISE**

I welcome you to the study of managing workers in an enterprise. In this topic we shall study the following the term Human resource management, the role of entrepreneur in HRM, the importance of delegation in a firm, what motivates employees, the responsibility of owner manager in HRM and the process of hiring staff in a small enterprise.

Kindly, make sure that:

You complete this lecture before proceeding to the next one.

* Refer to the suggested additional resources to get further information on each topic
* Make notes as to simplify your study
* Complete all activities and questions as you progress
* Spend at least 2 (two) hours to complete this topic for you to understand and apply the knowledge and skills acquired

Once again welcome and let us begin. Good luck

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| By the end of the lecture, you should be able to:  I Define the term Human resource management  ii Describe the role of entrepreneur in HRM.  iii. Explain the importance of delegation in a firm  iv. Analyse what motivates employees  v. Identify the responsibility of owner manager in HRM  vi. understand the process of hiring staff in a small enterprise |

Human Resource Management is managing employees. This involves planning, directing, controlling and organizing their activities for efficiency and productivity in the business. In addition it involves:

* Achieving goals
* Accomplishing daily tasks
* Building the image of the business
* Succeeding in business

The responsibility of the owner/manager in human resource management is:

* Hiring resources and placing new workers
* Training workers to be productive
* Compensating workers for their efforts
* Helping workers maintain and improve their performance
* Evaluating workers’ performance
* Building workers relationship.

**Hiring/Recruiting Employees for a Business**

This involves:

1. Finding a productive employee which requires studying the job, determining what it consists of, and concluding what kind of person it takes to successfully carry out the responsibility.
2. Determine the job description – place in the organization structure, principle duties, minimum education, personality and physical characteristics.
3. Finding and attracting people who have the qualifications for the position.
4. Screening the candidates to identify the most promising and hiring them.

**Sources of Applicants (Determine Advantages and Disadvantages)**

1. Business friends and acquaintances
2. Suppliers and customers
3. Employment agencies (reliable ones)
4. Universities and technical institutions
5. Friends and relatives
6. Personal file
7. Self-help clubs, youth groups etc

**The Interview Procedure**

As the owner/manager determines your interview guide for your business – Crucial areas to be included are:

* Background information about the candidate
* Technical competence of the candidate
* Interpersonal competence of the candidate

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| **?** | Activity to pause and reflect  Perform a role play of conducting an interview of a customer relations person needed by an entrepreneur. |

**Policies for your Business**

Once recruited, make sure the employee understands the following business policies:

* Image of the business
* Working hours
* Pay policies: pay days, overtime pays, salaries etc
* Holidays
* Leaves of absence
* Sick leaves
* Benefits – retirements, insurance etc
* Termination of employment – disciplinary lay off, discharge, resignation.

**Employee Motivation**

Employee motivation can improve the image of the business, when satisfied employees share their positive feelings with the customer. Some methods of motivation include:

* Listening to them for ideas
* Involve them in decision making
* Organize a get together/party occasionally
* Take them for a training or in-house training
* Treat them as persons – understand their SWOT
* Appreciate their efforts – small tokens
* Pay them as agreed in the policy
* Pay increases as agreed in the salary policy
* Promotions
* Communicate effectively
* Job security

**Delegation of Responsibilities**

This involves providing activities to be done by other people in the business, instead of doing it by oneself.

**Importance of delegation**

* Reduces backlog of unsolved problems
* Assist in developing business successors
* Gives own/manager time to attend to other matters
* Creates time for making important business decisions
* Avoids overworking a person
* Gives time to think of expansion or diversification

Tasks should be delegated to those:

1. With identified abilities to carry out the responsibilities.
2. That you ‘groom’ as your potential managers.