

Modern Marketing Theory and Practise (Analysis from a Nigerian View Point)

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Abstract

In today's marketing environment, firms no longer just produce whatever they like rather they at least produce goods and services that can command customers respect and patronage. This is in view of the fact that the cost of production of goods has gone up, the purchasing power of customers have seriously been battered by the bad economic situation the country presently finds itself. This the major reason inventory is piling up in warehouse unsold. The business environment in Nigeria today is becoming more sophisticated and challenging. Inflation has been on the increase, cost of borrowing capital is high, cost of business transaction is high, also locally produced goods are facing serious competition from foreign made goods. These challenges made this text very relevant. It addresses the challenges that are likely to be faced in the marketing environment by the marketers of today, and how he can deal with the challenges.

1. Introduction

All organization performs two basic functions namely; - they produce goods, service, or causes and they sell them. This is true of all firms ranging from giant international corporations to small enterprises found scattered everywhere in cities and towns in Nigeria and elsewhere in the world. This assertion is true for both proper marketing organizations and not for profit organizations. Production of goods and services and selling the goods and services are the essence of economic life in the society.

The market place is becoming increasingly globally oriented as more of the goods resulting from the performance of the production and selling fractions cuts across national boundaries through the production and selling of goods and services and ideas. Organizations are able to satisfy their commitments to their customers, the society and owners. They create what economist call utility i.e. wants satisfying power of a goods or service. However a company that understands how the concept of marketing works in both theory and practice will be better equipped to deal with inherent challenges in the business environment.

Also although this write up does not exhaustively discuss all the aspect of marketing, the scope however is to study certain major theories of marketing and certain major marketing practices. We will start with what is called the four pillars of marketing i.e. the products, the price, the promotion, and the place. After these basic theories, we will then study the modern marketing practices like marketing planning, techniques in managing the demand force, marketing budgeting, consumerism and consumer satisfaction, marketing i.e. international or global marketing are finally concluding this write up.

However, we shall first of all attempt to define what marketing really is using previous definitions from authors. The American marketing definition (AMA) defined marketing as "The performance of business activities that direct the flow of goods and services from the producer to the consumers or user". Also Boon and Kurtz (1995) define marketing as "A fundamental societal process which evolved with society to facilitate the effective and efficient resolution of the society's needs for exchange of consumption values".

However, Dr. T. Ijewere believes that from various definitions offered, for marketing, "Marketing exist at both micro and macro levels" for the sake of simplification as cited by P.O. Oseyomon "Marketing is the identification of a need in the market place and innovating a product or service capable of satisfying the identified needs, pricing, promoting and distributing the product to target consumers through the exchange process". This definition adequately explain the basic four P's of marketing product concept, pricing, promotion of the goods and services and distribution i.e. placing. We shall however explain each principle thoroughly below.

2. The Product

The practice of marketing cannot occur without the availability of the product for the market. Therefore the product plays a vital role in stimulating marketing activities. In fact, it is the most important element of the marketing which also include s pricing, promotion and place.

A product can take a variety of forms of which include physical objects, a service, a place, an organization, an idea to a personality.

3. Product Defined

Kotler (2005) define a product as anything that can be offered to a market to satisfy a want or need. Stanton, Etzel and Walker (2006) defined a product as a set of tangible physical attribute assembled in an identifiable form. Busch and Houston (2001) defined it as anything capable of satisfying consumers wants or needs.

A product is classified into two broad spectra i.e. industrial goods and consumer goods.

Industrial market consists of three distinct groups of buyers which include producers, marketing intermediates and governments. However when compared with industrial goods markets, consumer goods market display some destructive features among which are the following; -

- (1) They tend to be quite large in terms of the number of current and potential buyers.
- (2) They tend to have very limited purchasing power.
- (3) They usually buy in small quantities.
- (4) They are widely geographically dispersed.
- (5) They are heterogeneous buyers.
- (6) Sometimes they are also irrational buyers.
- (7) They lack specialized product knowledge.

Classification could also be based on tangibility and intangibility (services). Consumer goods can be classified into six major heads as follows; - convenient goods, shopping goods, special goods, unsought goods, emergency goods, and impulse goods.

2. Packaging

The term packaging can be defined as a container or wrapper for a product (Kotler 1998). Packaging can also be defined as the activities involved in the design of the container of a product to attract customer's patronage.

2.1 Functions of Packaging

- Protecting the product.
- Adapting to production idea speed.
- Promoting the product.
- Increasing product density.
- Facilitating the use of the product.
- Housing re-used value for the consumer.

However, the quality of a good package are highlighted below; -

- Convenience.
- Attractiveness.
- Promotional appeal.
- Economical.

Considering the above, we shall shortly highlight the various steps in a new product development. They are; -

- Idea generation stage.
- Screening of new ideas.
- Concept testing.
- Business analysis.

- Photo-type development.
- Product testing.
- Test marketing and commercialization.

The product just like the human being has a life cycle. It highlights the various stage of the product from introduction to termination. They are; -

- The introduction stage,
- The growth stage,
- Maturity stage,
- Decline stage,
- Extermination stage.

Another feature of a product is that it could also be service. Kotler (2003) defined a service as any act that one party can offer to another that is essentially intangible and does not result in the ownership of anything. It therefore means that a service product is intangible, inseparable from the producer of the service, heterogeneous in nature and perishable with manufacturing demands.

Also a service product could be categorized into; -

- Pure tangible goods,
- Tangible goods with accompany service,
- Hybrid i.e. equal parts of service and goods,
- Major services and,
- Pure services.

3. Pricing

Price is the exchange value of goods and services. It is what goods and services can be exchanged for in the market place. It should be noted that price is the only element in the marketing network that generates revenue for the marketing organization all other elements are costs.

The pricing objective i.e. reason or aim of pricing could be different for firms but they could all be classified under the following; -

- Profitability objectives,
- Volume objectives,
- Meeting competition objectives,
- Prestige objectives.

However, a marketer does not set a single price rather a pricing structure that covers different items in his/her product line. There are some new product pricing strategies which are highlighted below; -

- Market skinning pricing: these strategies involve setting a high price at the inception of the marketing of a product. It could be used when consumers lack information on the product but accept the product for any price and also in very slim or no competition.
- Market penetration pricing: this is when the price is low in order to penetrate the market segment quickly and deeply. It could be applied in a highly price sensitive market and competitive market. Also the production cost should be falling as volume increases.

3.1 Pricing Policies:

Pricing policies are important ingredients in the marketer's total image. By way of definition, pricing policy is a general guideline based on pricing objectives that is intended for use in specific pricing decision. There are four basic types of pricing policies that marketers consider namely; -

- Price flexibility policy: this is a pricing policy that permits variable prices for goods and services.
- Product line pricing policy: this is the practice of marketing goods at a limited number of prices.

Another unique pricing policy is the competitive bidding and negotiated prices. It is a process in which the product buyers ask potential suppliers to give quotations on a proposed purchase or contract. It is usually practised by big corporations.

4. Distribution/Channel Managements

Marketing channel decisions are among the most important decisions that marketing managements faces. The degree of distribution intensity can be viewed as a continuum with three general categories as follows:

- Intensive distribution,
- Selective distribution,
- Exclusive distribution (McCarthy 1982)

Channels perform four main important functions as follows:

- They facilitate the exchange process by cutting the number of market place contacts necessary to make a sale.
- They adjust discrepancies in the assortments of goods and services through a process known as sorting.
- Standardizing exchange transactions in terms of the product and the distribution process.
- Distribution channels facilitate search behaviour for both buyers and sellers. Channels bring buyers and sellers together to complete the exchange process.

4.1 Computer Marketing Channels

The higher the number of intermediaries between the producer and the final consumer, the lesser the producer has control over the final price of the product. However there are some advantages in having more intermediaries .It should be noted that marketers tend to want to eliminate these intermediaries, but not their functions.

The concept of distribution channels is not limited to the distribution of tangible goods .producers of services and ideas also have to decide how they make their output available to target users. It should however be noted that the above diagram does not affect the distribution of services significantly due to the feature of inseparability.

5. Promotion Strategy

Promotion is the function of informing, persuading, and influencing the customers purchased decision. Generally, the following are objectives of promotion in marketing.

- Provides information,
- Increase demands,
- Differentiate a product,
- Accentuate a products value (increase value),
- Stabilize sales.

However the promotional mix involve the proper blend of numerous variables aimed at satisfying a given target market. The promotion mix include: personal selling and non-personal selling. The non-personal selling includes: advertising, sales promotion, publicity and public relations.

5.1 Personal Selling: Krugmen et al (1994) describe personal selling as “a sellers promotional presentation conducted on a personal-to-personal basis that can be conducted face to face, over the telephone or G.S.M, through video conferencing or through interactive computer links between the buyer and the seller.

5.2 Non Personal Selling: these includes; - advertising, sales, promotion, public relation, and publicity.

5.2.1 Advertising: is any paid form of non-personal presentation and promotion of ideas, goods or services through the mass media such as newspaper, magazines, television or radio by an identified sponsor (Kotler 2003). Two broad types of advertising exist namely: product and institutional advertising. Advertising can be further sub-divided into three categories depending on the primary objectives of the message viz:

- Informative advertising,
- Persuasive advertising,
- Reminder advertising.

Marketing management must however make four decision when making an advertising programme which are as follows

- Setting advertising objectives,
- Setting advertising budgets,
- Advertising strategies,
- Advertising evaluation.

5.2.2 Sales Promotion: these include a wide range of promotion tools designed to stimulate early or strengthened market response. It can be targeted at three levels within the distribution chain namely; -

- The customer
- The retailer
- The customers sales force

Sales promotion often attracts users who frequently switch brand because non users and users of other brands do not always notice an act on a sales promotion. Brand switches are looking most for low price or goods value.

5.2.3 Public Relations: these are the organization communication and relationships with its various public such as; - customers, employees, stock holders, suppliers, governments agencies, and the communities in which it operates. Furthermore, a major objective is to build goodwill between the organization and its various public. The old name of marketing public relation was publicity. Public relation departments use many different tools such as: -

- Press relations or press agencies,
- Product publicity,
- Public affair,
- Lobbying,
- Investor relations,
- Developments.

5.2.4 Publicity: according to Thomas and Raymond (1995) publicity is the non-personal stimulation for a demand for a product, place, idea, person organization by placing significant news about it in a print or broadcast medium without having to pay for the time or space.

However, with respect to personal selling, the process may occur in a variety of environment as follows: -

- Field selling,
- Over the counter selling,
- Telemarketing through telephones.

We can describe the selling processes to involve the following sequences: -

- Prospecting and qualifying,
- Approach,
- Presentation,
- Demonstrations,
- Handling objections,
- Closing sales,
- Follow up.

The above steps in the personal selling process follow the attention, interest, describe action (AIDA) concept.

We shall further in this write up briefly analyse some modern marketing practice which are beneficial to the understanding and application of the marketing principles. They are: -

6. Marketing Planning

To develop an effective marketing programme, management first should prepare a strategic plan for the organisational efforts. This overall planning should be followed by strategic planning in the organisations various functional divisions.

6.1 What Is Planning

Planning is the process of deciding what should be done now or later, including when and how should it be done. Strategic planning is the managerial process of matching an organizations resource with its marketing opportunities over the long period. The intent is to seize changing market opportunities and avoid imminent threats. Formal strategic planning is recognized as one of the most effective management tool for reducing risk.

The scope of planning activities may be over a short or over a long period of time. Planning activities that determine marketing strategies in a firm may be conducted on three different levels as follows: -

- Strategy company planning (corporate strategy)
- Strategic business (SBU) unit.
- Functional strategy.

However, planning can produce a lot of benefits these are: -

- Planning encourages systematic ahead by management.
- It leads to be coordination.
- Developments of performance standards.
- It causes the company to sharpen its guiding objectives and policies.
- It results in better preparedness of sudden developments.
- It brings about a more vivid sense in the participating executives of their increasing responsibilities.

6.2 Characteristic of a Good Plan

- It must be realistic and achievable
- It should be clear
- Plans must be comprehensive
- It should be reasonably flexible
- It should economic effectiveness.

6.3 Sales Force Management

Sales personnel sere as the company's personal link to the customers. Effective sales force management starts with a qualified sales manager. Regardless of the selling context, sales people will have one or more of the following specific tasks, to perform, they are; prospection, targeting, communicating selling, servicing, information gathering, allocating. However the range of activities involved in managing the sale force is listed below:

- Structuring the sales force
- Developing the sales force e.g. recruiting, selecting, training on the job and off the job training etc.
- Rewarding the sales force e.g. motivation, compensation and other sales, incentives
- Evaluating the sales force
 - i. Sales personnel performance
 - ii. Sales force performance

However, some qualities of a good sales force are listed below:

- A sales person must be self driven
- A sales person must be patient
- A sales person requires constant recognition for result
- A sales person must be self reliant
- A sales person must be tenacious and confident.

7. E-Marketing

This is also referred to as online marketing or internet marketing, it is a marketing system that uses the internet. It is a component of electronic commerce for the advertisement and sale of goods and services on the net.

Chaffey (2003) defined internet marketing as the use of the internet and related digital technologies to achieve marketing objectives and support the modern marketing concept. These technologies include the internet, media and other digital media such as wireless mobile, cable and satellite media.

A useful summary of the difference between these new media and traditional media has been developed by Mc Donald and Wilson (1999) they described it as the 6 “is” of the e-marketing mix as follows:

- Interactivity
- Intelligence
- Individualization
- Integration
- Industry to reconstructing
- Independence of location

7.1 Benefits of Internet

Some of the benefits of internet marketing to the consumers and business are as follows:

7.1.1 The Consumer

- The consumer can have his goods and services at his convenience.
- It provides an additional channel by which consumers can access information and make purchase.
- It enables the consumers to learn about a new product in the market.
- It will protect the consumer from the risk of carrying cash
- It will eliminate the fear of being cheated
- It protects the consumer from buying substandard goods,

7.1.2 The Business

- It make the selling function of the market easier
- The marketer saves money because of the elimination of sales force
- It has made marketing practices convenient
- It has helped marketing practices to attract more customers
- It has saved the marketer the stress and fear of carrying cash
- It can help to expand from a local market to both national and international market.
- It makes it difficult for competitors to enter the market or gain market share due to satisfaction.

7.1.2 Limitations

- It creates problems for both companies and customers slow internet causes this difficulties
- Large and complicated web pages have difficulty in down loading
- The nature of goods may not be known since the customer does not touch the products
- Lack of effective electronic payment methods like e-cheque credit
- There is the need to drive people to the sites

8. Conclusion

Some people define marketing in terms of just some of its parts, selling and advertising. This is too narrow, on the other hand, others may define it as the creation and delivery of a standard of living, this definition is probably the trade. An attempt has been made in this write up to explain what marketing as a functional area of business is. It should be noted that marketing begins with top management can provide the climatic, the discipline, and the leadership required for a successful market program. Thus it is necessary that the president be marketing oriented.

Also in this write up, we have briefly highlighted on the 4’p’s of marketing which are known as the marketing mix; product, price, promotion and place. We also highlighted some modern marketing practices in some sub topics under marketing namely; marketing, planning, managing and sales force and e-marketing.

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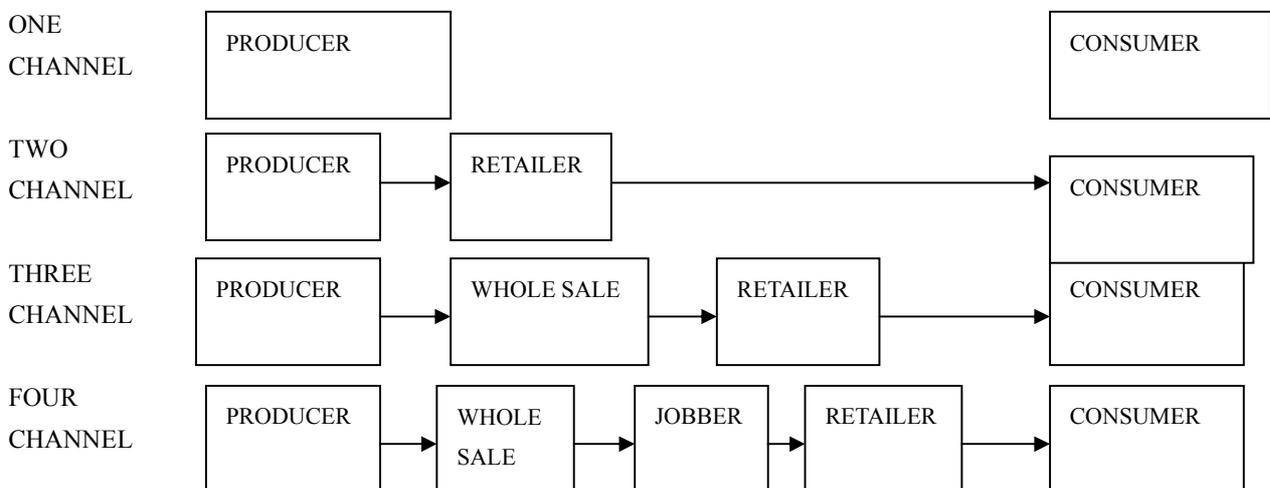


Fig. 1 - Computer Marketing Channels