



# **APPROACHES IN THE ANALYSIS OF**

## **MARKETING**

**By Dr. Eliud Birachi**

## **Are you a marketer or a seller?**

- We need money, we must make it now ..
- I will make them buy my product--
- I must eliminate all my competitors, so that I am the only one left...

- I would rather have customers who are happy, than make huge profits..
- Me? I just want to plan today, tomorrow will take care of itself..

So then

**WHY ANALYZE MARKETS ?**

- I must understand my market – what is it
  - Place?
  - Product Vs Customer Cf Seller Vs Buyer
  - Region

- To understand my customers ( Why is this important?)

- I need to know about the competitors (But Why?)

- I need to understand the environmental trends – these provide opportunities and threats
- Do we know some of these?



## Opportunities

- Willing and able consumers
- A growing market
- Modern technology
- Favourable economic environment
- Favourable political environment

- Threats
- Intense competition
- Obsolete technology
- Unwilling and unable customers

- 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?

# **What to analyze**

- Customers
- Competitors
- Market trends
- The environment



# Remember

Demand comes from customers who are willing and are able to buy your products

- Is it possible to know these and deal with them?

- **Estimating Market Potential**
- Market potential represents the total demand for the product category.
- This is what could be referred to as primary demand, while demand for brand is called selective demand

- Market potential can be estimated by:
- **Direct derivation** – considering factors in the market place that are associated with the product,
- Cooking gas – how many buy cooking gas cookers?
- Increased number of car sales – how many people are buying insurance policies for cars?

- **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?

- 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
- The functions performed by organization (functional approach)
- Institutional Approach – focusing on the organization
- Commodity approach – considering the product itself







# MARKETING STRATEGIES: GOALS AND MARKET ANALYSIS

- Strategic marketing
- involves determinants that guide or direct managers to reach their long term desired positions.
- requires marketing managers to respond to changing marketing environmental conditions in through developing specific , unique and differentiated position in the minds of customers

- MARKET ANALYSIS
- Key market characteristics such as
  - -size of the market
  - - structure of the market

- **Defining the Market**
- This involves gaining an understanding of the composition of the market, that is the gaining an understanding of the buyers (customers) in the market.

- The definition should be based on the needs of the customers, rather than on the basis of the product. But it is also important to try and match the consumer needs with key products attributes – why do they buy certain products

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

- 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 – people may be willing but lack of ability to buy, perhaps due to lack of resources, being unable to access the product, or having a physical disability, for example, a disabled person cannot buy an ordinary bicycle.

- Willingness to buy – even if people are able to buy, they may not be willing to do so, willingness to buy is a state of mind, and has to do with the opinions, attitudes, experiences and lifestyles of the people. To be in a market people must have a desire to buy.

-







- **Conducting a Preliminary Market Assessment**
- This is done in order to pave the way for a more formal analysis of market opportunities. It leads to evaluating the marketing opportunity, which is aspired by:
  - Opportunity / threat analysis
  - Strengths/weaknesses analysis



- Strengths and weaknesses relate to the internal environment of the firm, while opportunities and threats relate to the external environment.

- **Analysis the strengths**
- A strength is an inherent capacity which an organization can use to gain / strategic advantage over its competitors.
- It concerns all the good aspects of the firms, examples are – superior technology, R and D facilities highly qualified personnel's, strong financial position and so on.

## **Analyzing the weaknesses**

- A weakness is an inherent limitation or constraint which creates a strategic disadvantage
- weaknesses represent retarding influences on the success of the organization.

- Think of
- obsolete equipment,
- poor financial base,
- lack of facilities such as land, and capital; inadequate R and D facilities and so on. These must be thoroughly and honestly probed and remedies sought to remove them.
-

## **Analysis of opportunities**

- Opportunities may come about either on their own or through research to identify them.
- They are external to the firm and should be grasped firmly when they arise.

- They represent a favourable condition in the environment, such as expanding markets, political environment, government policies, and emerging new markets.

## **Analysis of Threats**

- Threats exist in the external environment and their presence threatens the survival of the organization. These include increased competitors, availability of cheaper substitutes, and risks of international markets.

- **COMPETITOR ANALYSIS**

You cannot deal with a competitor you do not know

Need to know

- name, location, age, size

- multinational or indigenous

- ownership



- **IDENTIFYING THE COMPETITOR'S STRATEGIES**

- **ASSESSING COMPETITOR'S STRENGTHS AND WEAKNESSES**

- **ESTIMATING THE COMPETITOR'S REACTION PATTERNS**
- **The laid back competitor:** Does not react quickly or strongly to a rival's
- **The selective competitor:**

- **The tiger competitor:** Reacts quickly and strongly to any assault on its terrain.
- **The Stochastic competitor:** This kind of competitor is rather unpredictable.

- PEST ANALYSIS

- Political factors

- Economic factors

- Social factors

- Technological factors

(How do these affect your firm's operations?)

- Promotional strategies; enhancing competitiveness

- How can promotion be used to enhance competitiveness?

- Advertising– purpose?



- Personal selling – sales force considerations
- Treat me well and I will do the selling for you

- Sales Promotion
- In what form do I promote my sales?

- May be I can give free samples?

- Can I organize some raffles, may be? But this is a gabble.. At what cost?

- Free calendars?..

- How about sponsoring some sporting activities?

- Publicity
- How do others perceive me?
- This negative perception must be converted to positive perception, for sure

- They just do not like our product,
- They hate us because of past experience!



- We shall now operate under NEW MANAGEMENT
- We can ask a journalist to write something good about us

- But people will still say something about us, are they likely to say good or bad things about us?

- Should we get a consultant to do public relations for us?

Distribution strategy and planning

Major considerations in distribution strategy

Channel selection

- Product characteristics
- Durability
- perishability
- Packaging

- Customer characteristics
- Their location
- Size of customer



