

MARKETING AS A CATALYST TO SUCCESSFUL SMALL SCALE BUSINESS

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Abstract

This paper examined the role of marketing as a catalyst to the success of small scale business. To achieve this objective. Literature on the importance of marketing to the small scale business were discussed and they include: what marketing is about, the purpose of marketing, the role and importance of marketing to small businesses and finally the relevance of marketing to small businesses. At the end of the study, it was discovered that marketing actually play a major role in the success of small scale businesses. In view of this, it was recommended that small scale businesses must apply relationship marketing concept in their dealings with customers. They should produce quality products that can guarantee customer satisfaction, they should charge a reasonable price for their products, an effective and efficient method of distributing their products should be adopted and lastly, they must take consumer complaints seriously in order to retain their customers.

Introduction

Generally, organizations exist to produce goods and services for human consumption. The goods and service produced, must be geared towards a target market in order to reap the benefit of production for an expected profit or return on investment. In otherwords, production is based on the hope that a given amount of investment will result to an expected profit. The expected profit on investment will only be guaranteed if the goods and services produced are well marketed to the targeted consumers. This implies that marketing play a major role in reaping return on investment. In the same way, small scale business also invested some money with the hope of reaping profit as a return on investment. But this goal of profit maximization can only be achieved through the practice of marketing. The small scale entrepreneur for example, must know who are his customers, where they are located, the type of product they need, what they can afford to pay for the product and the medium to use to inform the consumers about the presence of his products in the market place, etc. The answers to these questions can only be found when customers are able to maximize satisfaction with the product offering.

The aim of this study therefore, is to examine the role marketing can play to the successful conduct of small scale businesses. To achieve this objective, the paper has therefore been divided into five parts, which include introduction (already discussed), what is marketing, the role and importance of marketing, relevance of marketing to small scale business, while the last part will conclude the paper.

What is Marketing?

Agbonifoh (2007), defined marketing as a continuous process whereby individuals, groups or organizations take deliberate steps to ensure that there is a ready, sustained, profitable and satisfied market for their goods and services.

Kotler (2005), viewed marketing as a social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

The institute of marketing London, also defined marketing as the management process responsible for identifying, anticipating and satisfying customer requirements profitably.

The summary of the definitions basically points to two major concepts that is, marketing involves an exchange process for goods and services at a profit. This implies that all production activities ends up in exchange of goods and services for a profit. It also means that no production oriented organization including small scale business can be successful without the practice of marketing.

Generally however, the essence of marketing, is a state of the mind (Bakwaph, 1992). In making marketing decisions however, the manager adopts the viewpoint of the customer. Decisions therefore are driven by what the customer needs and wants. Much of what revolve around how the goods or services of the organization can be made to match the customer's needs and wants. But the key to success of marketing is adopting the customer's viewpoint marketing theory, like much business theory, is far from an exact science and thus allows plenty of room for different interpretations. But several fundamental dimensions form the underpinnings of all marketing thinking, (Felton, 1999).

It is the view of peter drucker that "every business can be defined as serving either customers or markets or end users". The marketing dimension has recognized this service dimension most explicitly. The key elements of all marketing are outward looking and firmly centered on the customer.

The reason for the focus on customer, is the fundamental marketing tenet of competition (Churchill, 2000). Firm must compete for resources in the market place, which offer a host of alternative ways for the customer to spend funds. Only if a firm competes successfully, that is, if it can, convince customers to spend money on its products rather than on others, will the firm be able to survive. It is the dimension of competition that makes the customer reign supreme, because the customer's decisions will determine the winners of the competition.

Purpose of Marketing

The purpose of marketing is basically to create goods and services that can satisfy consumers wants and thereby improve the quality of life of the consumer in terms of product usage. (McDonald, 2003).

A small scale entrepreneur who is unable to produce a product that can command satisfaction, is not likely to be successful because it indicate that he has not been able to study the consumer very well to ascertain exactly what they want and therefore design a marketing strategy that is well tailored to suit their needs (world banking, 2001). Most developing nations are very guilty of this practice because they generate a 'sellers markets' instead of a 'buyers market' thereby rob consumers the opportunity to enjoy quality products and by implication maximize satisfaction this may be the reason why in Nigeria today, there is a high preference for foreign made goods by consumers as against locally manufactured ones because of the high quality content of the foreign ones which gives them a better satisfaction.

The implication, is that the small scale businessman must produce quality goods that can satisfy the needs and wants of consumer if he must survive the ever-competitive marketing environment.

The Role and Importance of Marketing

It is the view of Agbonifoh (2006) that business organizations seek to make profits, survive and grow by manufacturing goods or providing services to those who need them to satisfy their needs and wants. He stated further that two principal concerns of every business organization are how to:

- i. Produce and offer goods and services which, not only satisfy customers needs and expectations, but which do so either as well as, or even better than, those offered by competitors;
- ii. Secure and sustain adequate patronage for its goods and services at such a price as to make a reasonable and acceptable level of profit.

According to him, marketing plays a key role in each of these two areas. Although the actual physical development and production of goods and service are done by production and engineering departments, marketing plays a vital role in ensuring that the goods and services reflect the yearnings and expectations of customers and so meet their needs in a satisfying way. Marketers study the needs, expectations and preferences of the market and relay them to production and engineering staff. This flow of market information guides the company in making products that are acceptable to the market. (Boone and Kurtz, 2002).

With regard to the second concern (that is, getting patronage), this is the primary responsibility of the marketer. One way in which he does this, is by ensuring that the attributes and features built into the product reflect the expectations and needs of the market.

It is obvious from the analysis that marketing plays a critical role in consumer satisfaction, product success, corporate growth and societal welfare.

Marketing principles, tools and techniques can also be, and are being, applied to secure and sustain customer and public patronage in non-business organizations (Perreault and McCarthy, 2000). Examples of such organization which can benefit from the application of marketing knowledge are government ministries and departments, parastatals, religious organizations, political parties, social clubs and other public and private institutions.

Relevance of Marketing to Small Scale Business

The discussion so far has shown that marketing plays a major role in terms of the successful sale of a firms products especially if the products offered can satisfy the needs and wants of the target consumers. The small scale entrepreneur can also apply this concept by producing and offering for sale goods that can command customer satisfaction (Nnanna, 2001). The ability to do this, will give him an edge over his competitors and therefore guarantee his survival in the market place.

However, the importance of marketing to the small scale entrepreneur, will be viewed under the following perspectives which include: product, price, promotion and place.

If the small scale businessman must enjoy the beauty of marketing, he must offer products that can command utility. Infact, a good and quality product sell itself. However, the inability of a product to command utility will result to customer dissatisfaction and poor patronage which will eventually affect sales volume and perhaps the collapse of the business entirely. Therefore any product produced must meet customers expectations and aspirations.

Besides the product offered for sales, the small scale entrepreneur must charge the right price for its products. This he can achieve by considering the prices of the existing products in the market, the cost of production, and the purchasing power of the consumers especially when his business is on a low scale. Charging an arbitrary prices for his goods in the market place can result to product rejection which is likely going to have an adverse effects on sales. Some producers of pure sachet water (mainly small scale producer) in Edo State only last year (i.e. 2006) increased the price of sachet of water to ₦10 as against the old price of ₦5. Within few days of increase of the product, market forces compelled producers to revert back to old price in order to remain in business. This goes to show that the price charged for a product must be right and in agreement with the purchasing power of consumers.

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The small scale businessman must also inform the prospect/customer about the presence of his products in the market place. This can be achieved through participation in trade fairs, use of electronic and print media, handbills, and internet marketing.

In Nigeria, most small scale businesses seems to market their products only in the geographical location where they find themselves instead of considering a large coverage of the market for their products. This attitude will definitely reduce the sale of their products and by extension their profit margin. The small scale businesses must therefore promote their goods and services by using the most economic effective medium (World Bank, 2000).

Basically, distribution consists of all activities whose purpose is to get the product of the user safely, expeditiously and economically. Its goal is to get the product to the right place at the right time and in a cost-effective manner. The four keys issues which small scale businesses should be concerned about in distribution are channel choice and management, transportation, storage and inventory control system. The small scale business must consider these factors before adopting a distributional system which should be economically efficient and effective because of the small nature of the business.

Conclusion

This paper has been able to X-ray and analyze the benefits of marketing to small scale businesses. It was observed that small businesses need to apply the practice of marketing in their operations if they want to succeed in business. To achieve this objective, the product offered must be the type consumers can maximize satisfaction, the price of the product must be right i.e. what consumers can afford, the product should be well promoted so that consumers can know about its presence in the market place and finally, the product should be made available through an effective and efficient distributional system.

Recommendations

Based on the above, it is therefore recommended that:

- i. Small scale business should apply relationship marketing concept by maintaining a one to one relationship with their customers.
- ii. They should produced quality products that can guarantee customer satisfaction.
- iii. They should apply the most cost effective method of producing their goods in order to charge low prices for their products.
- iv. They should adopt an effective method of distributing their goods in such a way that it will easily be available to buy.
- v. Lastly, they must take consumer complaints seriously by satisfactorily dealing with all complaints because it is more difficult to retain old customers than making new ones.

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