

## **INTRODUCTION TO BUSINESS (BUS 102)**

Business refers to an occupation in which people regularly engaged in to purchase production of goods and services with a view to earn profit. It could be an organisation or enterprising entity engaged in commercial, industrial or profession activities.

It is the totality of activities that is involved in production of goods and services to satisfy people's needs with intention of to make profit. business could also be defined as an economic institution organised and operated to provide goods and service to a market and the society with the view of making profit and satisfying that market, the basic intention of any business is to make profit and to do exchange.

Salient Point:

- It involves buying and selling
- It must involve exchange of goods and services
- It must involve satisfying customers' needs
- It must have the intention to make profit
- It is an occupation engaged in to earn a living
- It must make sure goods and services are make available to consumers
- It involves competitive pricing, etc

### **OBJECTIVES OF BUSINESS**

Primarily, the objective of any business is to make profit, to survive and to grow. However, other important objectives are economic, human, social and organic.

#### **Economic objective**

- ✓ To make adequate profit
- ✓ To produce product and services to satisfy consumers' needs
- ✓ To generate revenue, inform of income to the organisation and government
- ✓ To make goods and services available to consumers at right time
- ✓ To create employment opportunity
- ✓ Ensure adequate supply of quality goods and services at reasonable price
- ✓ To develop new techniques of production
- ✓ To develop new uses of products that has gotten to decline stage in PLC

#### **Human objectives**

- ✓ It gives the owners of business prestige, that is, pride of ownership
- ✓ To ensure job satisfaction
- ✓ To make goods and services available to the people at the right time
- ✓ Helps develop sense of commitment on the path of both employee and employer
- ✓ It helps to remove idleness
- ✓ It fosters sense of belongings and loyalty on the part of customers
- ✓ Ensure job satisfaction to the employees through challenging work
- ✓ Treating customers with courtesy and understanding
- ✓ Motivating employees to allow for dedication and commitment.

### **Social objectives**

- ✓ It assisted religious, charitable and cultural institutions to strengthen their social services to the society
- ✓ It makes the society feel and have sense of belongings
- ✓ Helps to facilitate the growth and development of small-scale businesses
- ✓ It makes goods and services available and affordable
- ✓ To make local products available at lower prices as substitute to foreign products
- ✓ To encourage formation of new skills, abilities and innovations among the employees

### **Organic objectives**

- ✓ Plough-back part of the profit into the business in form of re-investment
- ✓ Organisation should make profit, should grow and survive
- ✓ To have competitive ability
- ✓ To strengthen the business organisation in terms of quality production, strong competitive ability, use of good marketing strategies, etc.

## **BUSINESS FAILURE.**

Many factors could be responsible for business failure, among such factors are:

- Inadequate/insufficient capital base
- Poor or no appropriate promotional activities
- Poor distribution network of products
- Poor decision making on the part of the stakeholders of business
- Stiff competition in the competitive market
- Poor pricing methods. Pricing not competitive
- Poor quality product
- Extravagant spending on behalf of the business owners, spending on things that will not strengthen the business
- Unstable economic conditions in the country, e.g. inflation, unfavourable government policies
- Poor location of business
- Poor or lack of record keeping of business transactions and activities
- Lack of insurance policy to indemnify any loss
- Inappropriate pricing policy
- Poor customer relationship, etc.

### **PROBLEMS OF NIGERIA BUSINESS ENTERPRISE**

- ✓ Poor or lack of planning
- ✓ Inadequate or lack of required resources (capital, materials, manpower)
- ✓ Lack of support from the government especially small business who do not have access to loan due to lack of collateral
- ✓ Political problems
- ✓ Technological problems
- ✓ Competition problem
- ✓ Management unfavourable policies on the employees
- ✓ Poor welfare policies
- ✓ Lack of relevant and accurate and current business data

- ✓ Autocratic means of administration
- ✓ Poor or not employing necessary promotional tools
- ✓ Favouritism, ethnicity and religious bias
- ✓ Not employing SWOT analysis principles
- ✓ Extravagancy spending
- ✓ Unstable economy, e.g., inflation, currency deregulation, sudden increase in prices of inputs,
- ✓ Political interference
- ✓ Poor competitive ability
- ✓ Unexpected and uncontrollable happenings such as drought, .....

### **WHY WE DO BUSINESS.**

Many factors are responsible for people engaging in business, among which are:

- To earn a living
- As a source of occupation
- To allow exchange to take place
- To satisfy the needs of the market
- For survival, that is, meeting our immediate needs
- To make profit
- To create employment opportunity
- It is a source of revenue to the government
- For prestige purpose
- To help contribute to improve standard of living of the people in the society

### **SITING OF BUSINESS**

. Business owners need to put into consideration those things that will help promote his business before siting it in a particular place. The following are part of such things.

- Good location- that is, a place that easily accessible and can easily be located
- Availability raw materials- this could be in form of raw materials to be used for production and it could be already produced goods.
- Nearness to market. That is, a target market where the products and services can be easily sold.
- Availability of social amenities such as good communication system, good transportation, adequate supply of power, etc
- Must be conscious of the probable competitors

## GOVERNMENT AND BUSINESS.

Government in business is valid and necessary because it is good for business growth, healthiness and development. The business of government is to allow sanity in business operation activities in the economy. To achieve this objective, government must not fold its hands, but must be actively involved. Before any notable business to operate in an economy, such business must have registered with government agencies.

### Why government involvement in business.

- To protect infant or young industries from unnecessary competition with multinationals
- To protect consumers from buying adulterated and poor-quality products. This helps to protect the health condition of the people
- To curb dumping of inferior products in our country that can lead to health problem
- To generate revenue for the government so that they can meet their statutory responsibilities to the citizen, e.g. security, good water, good road, stable power supply, good health facilities, etc.
- To protect the society against pollution, to have healthy environment and have good health
- To have healthy economy devoid of unmanageable inflation, etc.
- Helps to correct deficit balance of payment.

### How government Regulate Business activities in the economy

- Imposition of various forms of taxes
- Imposition of tariffs
- Restriction of importation of certain products based on laws
- Prohibition importation and exportation of certain goods terms as illegal
- Total ban on importation and exportation of certain goods terms as illegal, such as hard drugs.

## FUNCTIONAL AREAS OF BUSINESS

Business does not operate in vacuum, it is directed, controlled and managed by specialise unit in any organisation. That is, those personnel who are professional in their area of discipline. However, no single unit can operate in isolation because the operation one unit affects the other. The efforts of all the units or departments together is what leads to the growth, survival and profit making of the organisation.

**Production Unit:** this unit or department specialises in turning raw materials into finished goods. They source for the raw materials and produce goods according to specification and requirement. The quality, and quantity to produce, etc.

**Finance Unit:** this unit deals with management of organisation funds. They source for money, keep the money, disburse the money to other units as approved in the budget. The unit is saddled with the responsibility of proper accountability of all fund. Necessary books and accounting records are kept which eventually help them determine this financial state of affairs of an organisation. Good record keeping will help to determine profit and loss, assets and liabilities and general financial transactions of an organisation.

- **General Administration/Personnel Unit:** this unit sees to the general administration of the business, the units deal with issue of keeping of employee's record, employment, promotion, discipline, welfare, induction of the employees. The unit also do organise workshops, seminars, conferences and other scheduled training programme for the staff. The unit performs management functions of planning, organising, controlling, directing, motivating, and communication between the management and she employees. The department has different units that carry out different administrative functions. They are the liaising units between the organisation and the public.

**Marketing Unit:** this unit specialises in making sure the produced goods get to the right customers. They carry out research on consumer's needs, make sure the needs are provided for to satisfy the consumers and ensure that the business make profit. The unit ensure adequate quantity and quality, competitive pricing, create product awareness through appropriate promotional strategies, ensure proper distribution network to make sure the goods get to the right market as at when needed. They introduce innovations of products especially in branding, packaging, etc.

## **SOCIAL RESPONSIBILITIES OF BUSINESS**

A business that want to operate in a conflict free environment and must to avoid community hostility must be involved in how to improve the wellbeing of such community or environment, trying to provide some social amenities into such environment or community is what is referred to as social responsibilities of business. It is the roles which a business must perform in the society as a whole as a matter of duty and without being told or ordered to do them.

British Institute of Management (BIM) listed such responsivities as consisting responsibilities to government(legal), shareholders, employees, suppliers, customers, the environment, local community and competitors.

### **Government/Legal responsibilities.**

- ✓ Must accept intervention of government in business affairs
- ✓ Make sure the owners understand the current and pending legislations relating to the conduct of business, e.g., laws relating to pollution of the environment, laws for consumer protection
- ✓ Must know and follow the rules and regulations of relevant agencies of government such as SON, NAFDAC, etc.
- ✓ Must pay their legal dues to the relevant authority of government, such as taxes, tariffs, etc.
- ✓ Must also know and acknowledge the firm's responsibilities to other corporate bodies, individual and society

### **Responsibilities to Shareholders**

- ✓ Giving the shareholders relevant information about the activities of the business
- ✓ Pay the shareholders their dividend as at when due
- ✓ Encourage shareholders to always ask for information about corporate affairs of the firm
- ✓ Create good relationship between the shareholders and the firm
- ✓ Be as transparent as possible to the shareholders
- ✓ Call for annual AGM meeting at the end of the financial to discuss the growth of the firm and to take some decisions that may affect the shareholders either positive or negatively.

### **Responsibilities to Suppliers**

- ✓ Maintain good relationship with the suppliers (they are firm's customers)
- ✓ To allow for regular flow of orders and supplies
- ✓ Regular information to suppliers about future plans of the firm
- ✓ Pay suppliers regularly avoid delay or disappointment from them

### **Responsibilities to Customers**

- ✓ Constant advertisement to create awareness among the customers
- ✓ Making products and services available regularly to customers
- ✓ Always listen to customer's complaint and try to attend to it
- ✓ Give opportunity of credit facilities to customers
- ✓ Consider and possibly engage in after-sales- services
- ✓ Lay emphasis on good quality products
- ✓ Develop products that consumers really want and need thereby showing concern for what will satisfy them
- ✓ Try as much as possible to encourage customers so as to retain their loyalty

### **Responsibilities to Environment**

- ✓ Try to avoid anything that can constitute danger to the environment in the course of production such as noise, pollution, waste products, etc.
- ✓ Try to avoid any other thing that can constitute health hazard through pollution of air, water, land.
- ✓ Take immediate corrective measure in case of occurrence of any of the hazard through pollution

### **Responsibilities to local community**

- ✓ Try and maintain peaceful relationship with the community
- ✓ Provide low cost social amenities to the community
- ✓ Avoid damages to life's and properties of the community
- ✓ Pay compensation to any damages done to life's and properties in the community
- ✓ Pay compensation for acquired community land use by the firm

## **Responsibilities to Employees**

- ✓ Make employees welfare a priority
- ✓ There be a specific policy on employee's promotion, pension, employment, disengagement, discipline, motivation, training and re-training, given of responsibilities, etc.
- ✓ Take into consideration the position of the employees especially on policies that may affect them negatively, they should be carried along
- ✓ Avoid discriminating attitudes when it comes to trainings like promotion, selection for training, etc. issue of religion, tribal and race bias must be avoided.
- ✓ Encourage constant consultation between the management and the employee
- ✓ Endure favourable working environment for the employees
- ✓ In all, ensure good working relationship between the employee and the management.

## **OTHER SOCIAL RESPONSIBILITIES EXPECTED OF A BUSINESS**

- Contribution to education development
- Donations to orphanages and rehabilitation centres
- Contributing to Rural development
- Creating apprenticeship scheme for the unemployed
- Prevention of products defects
- Contribution to socio-cultural development of the community
- Support for games and sporting activities
- Award of scholarships to students, etc

## **LIMITATIONS ON SOCIAL RESPONSIBILITIES**

- Lack of authority and control to executive some projects except with permission of government
- Lack of enough resources especially finance
- Inadequate information about government legislation
- Political challenges
- Hostility from host community, etc.
- Little or no budget allocation for social responsibilities by the organisation.

## **BUSINESS ENVIRONMENT**

This tends to explain that there some important variables that must be taken into consideration by business organisation in their environment of operations for it to survive, grow and make profit. These variables are classified into controllable and uncontrollable. The variables determine the success or failures of an organisation.

Controllable variables are those that the organisation have control over, they are usually referred to as internal factors. Examples are, management policy;

management objectives; employees, informal groups, management staff, organisation climate, rules/procedures/guidelines, company mission and vision etc.

Uncontrollable variables are those variables that the organisation has no control over, they are usually referred to as external factors. Examples are, technology, legal issue, competitors, political, government policies, economy, informal groups, labour union, socio-culture, etc.





## **MARKETING BUSINESS PRODUCTS**

This tends to explain how products and services get to the final consumers, that is the various promotional techniques employed to sell goods and services in the identified market. It also explains how goods are produced, how awareness about the existence of the goods is made, how it gets to the target consumers.

What is marketing? It is identifying, anticipating, and satisfying customers' requirements profitably. It is the scientific study of exchange relationships. (Kotler, 1956). A social and managerial process by which individual and groups obtain what they want through creating, offering and exchanging products of value with others (Kotler, 1996)

Basically, the salient points here are: -

- Identifying consumers' needs
- Produce goods and services to meet with the needs
- And at organisation/business profit.

To achieve this, four of such promotional tools will be considered. They are, advertising, sales promotion, personal selling and Public Relations.

### **Advertising-**

It is any paid form of non-personal presentation of goods and services and promotion of ideas by an identify sponsor (American marketing Association). It is an in personal presentation of goods and services through the use of media (print or electronics). notable medium of advertisement includes radio, television, newspapers, magazines, posters, displays, catalogues, exhibition, billboards, etc. advertisement could be informative, persuasive, competitive, mass, educative, or specific. It is activities involved in presenting to a group a non-personal, oral or visual openly sponsored message regarding a product, service or idea through a chosen media.

### **Objectives of advertising**

- It helps to create awareness about a product,
- it is educative and informative,
- helps to increase sales,
- constant reminder to customers,
- create good relationship between the organisation and the customers,
- project good organisation image.
- Helps to convince actual and potential users of products and services about the superiority and benefits of the company's products
- Helps to regain lost customers
- It has wider coverage using media like radio and television
- To inform, persuade, and remind customers about a product and services.

Though it could be costly at times, could also create unhealthy rivalry, however, the fact still remains that it is a good promotional tool that helps to popularise and project the activities of an organisation in a favourable manner.

### **Types of Advertising**

- Competitive advertising- used most with products that have close substitute in a competitive market. E.g. MTN, GLO, Coca-Cola, 7up, washing and birthing soaps like lux, imperial leather, etc.
- Informative advertising- to inform the public about new products, new innovation, new brand, packaging or new price
- Persuasive advertising- to arouse customers interest and induce them to buy a product or service
- Mass advertising- one that appeal to the general public
- Specific advertising – one that appeal and directed to a well define group of individuals
- Corporate advertising- use to promote and present company's image and that of a products and services. It is more of institutional advertisement.

### **Chosen Advertising Media**

- Media circulation- it should be the one that will reach the desired type of market timely. It should match company distribution pattern
- Content of the message- message should be concise, fascinating and straightforward
- Cost of media- should be based on budget
- Timing- select medium that will reach target audience in time
- Media characteristics- media that possesses qualities that is unique such as television, that people can see, hear, especially one use for demonstration.

### **Sales Promotion**

It is a short-term promotional tool employed to stimulate consumers buying intention. Kotler, 199, Revised Edition define sales promotion as short-term incentives to encourage the purchase or sales of a product or service. It is activities and or material that acts as a direct inducement to sellers, sales person or consumers that serves as incentive to buy or sell the product or service. It makes use of things like given of free samples, shows, displays, demonstrating the use of a product, exhibitions, bonus offer, special price sales, context among consumers to win prize, etc.

It is organised at specific period in a specific planned location, this is a promotion that is directed at consumers, middlemen in the form of promotions. It helps to introducing new products, encourage point of purchase by customers, encourage frequent buying, etc.

### **Objectives of Sales promotion**

- It encourages the purchase of new products or services
- To attract new buyers
- Inducement to buy more
- To improve competitive ability
- To increase sales during off-seasons
- To boost sales in a specific area

### **Why Sales Promotion**

- A good supporting mix to other promotional mix
- It is aimed at non-users of products or services
- To counter negative impression about an organisational products and services
- Encourage large scale production and sales
- Profit increases when sales increases
- To educate customers about innovations on a product or services

### **Steps in designing sales promotion**

- Establish sales promotion objectives, introducing new products
- Select sales promotion tools, e.g., gifts, free samples, etc
- Develop sales promotion programme, e.g., when and how, tools needed, time, day and period.
- Implementation. Execute the programme, monitor and control to avoid deviation
- Evaluation. To compare performance with standard.

### **Planning sales promotion programme**

1. Size of incentives – this depends on the size of the organisation and what they can afford.
2. Participants- this is to be determined by the organisers, such as experience, knowledge
3. Transportation – having adequate vehicles
4. Timing- appropriate and suitable period based on planned
5. Budget- adequate budget helps successful sales promotion
6. Duration- must not be too long or short.

### **Sales promotion have 3 stages.**

1. Planning stage. Design and appropriate packages to be used, decide on numbers of participants and transportation mode, purchases of packages to be used, production of inventories, prepare stage or place or centre to be used
2. Implementation- this is the time scheduled for the sales promotion, assemble of participants, conveying materials to the venue of the promotion and carry out sales promotion activities

3. Evaluation- this is to find out if the sales promotion programme succeeds or not. The success can be measured through, records of sales data during and after the sale promotion; monitor the purchase habit before, during and after the sales promotion; monitor profitability level after sales promotion
4. Examine the percentage of market share after sales promotion

### **Problems of sales promotion**

- Improper planning
- Inadequate resources, e.g. finance
- Poor timing
- Poor implementation and control
- Lack of evaluation after sales promotion

### **Personal Selling.**

It is a face to face means of making products and services known to customers. It is common means of doing business, especially small businesses in developing countries. This personal confrontation with the customers helps to know the consumer wants and how he wants it. There is opportunity for immediate feedback from the customers, such as, if there is need for modification on the products' buyer's views can be evaluated on the spot. Easy to convince buyers to buy, less costly, and one of the best ways to introduce new products or modified products. It could however be risky in term of security, it is limited only to the number of people you can contact, that is, can not cover wider range on like advertisement. It is a means of convincing would-be buyers to make on the spot buying decision.

### **Qualities of Personal Selling**

- Real and alive
- Immediate and interactive relationship between two or more person
- Opportunity of close contact with would-be buyers
- Creates personal relationship
- Would-be buyers are place under obligation to listen to sales talk
- Face-to-face means of selling
- Opportunity of direct education and persuasion of would-be buyers
- Physical demonstration on the spot is made possible

### **Advantages of Personal Selling**

- Opportunity of face-to face discussion
- Helps to locate prospective buyers
- Opportunity of getting relevant information from the prospective buyers
- Opportunity to know customers needs and problems on the spot
- Helps to meet specific needs of customers
- Opportunity to demonstrates the use of some products
- Helps to pin-point prospects
- Easy arrangement of goods delivery

## **PUBLIC RELATIONS**

Institute of Public Relations, United Kingdom define Public Relations as a deliberate, planned, and sustained efforts to create and maintain a good image and relationship between an organisation and the public. Cutlip & Centre, 1992, define PR as management functions which evaluate public attitudes, identifies the policies and procedures of an organisation which earn public understanding and acceptance. Black, 1990 define PR as art and science of attaining harmony with the environment through mutual understanding based on truth and full information. Means of creating goodwill for better business activities. Business firm can create good relationship with the public in various ways, this includes, provision of some social amenities like pipe-borne water, electricity, given scholarship, donations for community development, etc.

### **Objectives of Public Relations**

- To establish and maintain good image of an organisation and its products
- Monitor outside opinion and convey to management to ward-off conflicts and hostilities.
- Means of communication between organisation and its publics.
- To enlightened public about organisation activities
- Build and sustain loyalty of the public, other clients, suppliers, media, etc.

### **Functions of Public Relations**

- Formulation and actualisation of information in the interest of good public opinion
- Management of publicity for corporate and public activities and programmes.
- Liaison activities with corporate public, e.g. agencies, professional bodies, media, community and opinion leaders
- Community relations
- Arrange and represent the organisation in conferences, workshops, seminars, etc
- Publication of home Journals
- Propaganda of activities of the organisation to the public
- Policy issue analysis and management research
- Public Affairs formation
- Lobbying, press relations and counselling, etc.

## **MARKETING FUNCTIONS**

These are activities that must be done to conceive product ideas, produce, price, promote and make sure products and services get to consumers.

### **Marketing Research.**

This is getting relevant market information about consumer's needs, market competition, pricing techniques, government laws and policies, intention to create new products and business environmental factors (internal and External) such as technology, competitors, economy, socio-culture, needed manpower, internal policies, business climate, etc.

### **Pricing.**

Prices of products and services must be competitive because business is operating in a competitive market. Adopt price that cover costs, and give room for profit, but it must take into consideration, the market price of other competitors.

### **Promotion.**

The necessary promotion tools must be employed such as personal selling, advertisement, sales promotion and public relations.

Channel of distribution.

Production has not taken place if it did not get to the final consumers. Channels that will make products and services get to the consumers at the right time should be used. It may require employing the services of agents, wholesalers, retailers and other recognised middlemen. The nature of the product will determine the channel that will be used taken into consideration that some products are not durable but perishable.

### **Credit management and Financing.**

Marketing functions helps to manage all credit activities that involve buying and selling of products and services in a way that will not lead the business into liquidation. Also financing any product production must have been well research into to make sure such finances and investment will not lead to wastage.

### **Post-sales transaction**

Sales of some technical products should not stop at the point of sales alone. Room must be created to allow for after sales services to customers. It could be in form of complaint that must be quickly attended to, it could be installation of some technical equipment's, maintenance and repairs of machines, etc.

## **MARKETING MIX (4PS OF MARKETING)**

This try to explain important variables that would-be customers look for before making purchase decisions, it does not only influence purchase decision alone, it also helps manufacturers or service providers to put them into consideration in the cause of trying to produce any products that will be taken into the market for the consumers.

Business operates in a competitive environment and in a market that is always dynamic. Organizations that produce goods and services must take to market products that meet the diverse needs of the consumers. They need to be able to compete favourably to remain in the market. Therefore, they must be conscious of the variables that can make them achieve these intentions.

### **Product**

Any physical items inform of goods or services produced or provide to satisfy the consumers in the market. Physical products are tangible, that is, can be seen, touched, smelled, and be disposed after use, while services are intangible, it only creates satisfaction. Philip Kotler and G. Armstrong (1987), define product as anything that can be offered to a market for attention, acquisition, used or consumption that might satisfy a want or need. the key focus here is to make available to the market product that is of high quality to meet the satisfaction of the consumers.

### **Price**

It is the monetary value placed on a product or service. The focus is to put price that is competitive and one that will encourage customers to buy and make them loyal to the product. Majority of consumers is conscious about the price, discount opportunity, payment mode and terms of payment. Pricing a product is an important decision that marketing manager must make with the understanding that there is always negative reaction from consumers if the price is high compared to other substitute products in the market. Price include the image and worth of an organisation. It takes into consideration things like production cost, product life cycle, nature of products, organisation objectives, consumers response, legal environment, nature of market (target audience) and location of the organisation. There exist different pricing techniques such as cost-plus, skimming, penetrating, perceived value going rate pricing. At times, the size and competitive ability of an organisation make it to either be price makers (leaders in the market, e.g. Coca-Cola), price takers (challengers or followers in the market, e.g. 7up) or price wars, that is fixing prices as desired by the organisation.

### **Promotion**

It is marketing strategy used to create awareness about a product or service. It is aimed at influencing customers to buy company's product. It encourages buyers to accept or adopt company product and possibly become loyal to the use of such product and services. Promotion goes beyond creating of awareness, customers must be able to understand why that promotion about a product is [put in place. This can only be achieved if the prospective buyer's culture, language, norms, status, class, are put into consideration when doing such

promotion. The basic promotional tools used are advertisement, personal selling, sales promotion and public relations. Any other activities put in place by the organization to project its image can be regarded as promotion. Promotion must make use of relevant mode such as print and electronic media and social media, carrying out community development projects, donations and contributions to education, health system of the host community and the general market at large.

## **Place**

The focus here is that organisation make sure products and services get to the customers at the right time, right quantity and right place. The distribution strategy must be simple, quick to ensure timely delivery of goods to the market. Therefore, things like the channel employed must meet up with the intention. Nature of product, distance of market, and transportation mode must be taken into consideration in choosing any mode delivery of the product. Some product can easily be moved from the manufacturer to the consumer, while some has to make use of middlemen like wholesaler, retailers, while some technical goods may require the services of specialised agents before it can get to the final consumers.

### **Definition of Marketing Mix**

*According to Philip Kotler*

*"a set of controllable variables and their levels that the firm uses to influence the target market."*

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### **What is Marketing Mix?**

*Marketing mix is an important concept of marketing management. The main aim of every business organization is to earn and maximize its profits. For doing so, they concentrate on 4 factors, i.e. Product, Place, Promotion and Price, known as a*





# 4 P's Of Marketing

## **BUSINESS UNITS**

### **Sole Proprietorship**

It is a business owned, managed and financed by one person. It is usually referred to as Sole Trader or one-man business. The basic features of this type of business includes:

- It is owned, run and financed by an individual
- Sole aim of making profit
- Does not exist as legal entity
- Most common form of business unit
- Has unlimited liability
- He is independent in carrying out his business
- He is a risk taker

### **Advantages of a Sole Trader**

- Owns and enjoys profit alone
- Requires little capital to start and run
- Has pride of ownership
- Flexible period of operation
- Has total privacy
- Quick decision making
- Opportunity to engage in other business activities
- Limited government interference
- Easy to stop by the owner whenever he feels like

### **Disadvantages**

- He bears the risk of loss alone
- Has unlimited liability
- May lack the required skills to run the business
- Death of the owner may be the end of the business
- Has little capital base
- Extravagant spending may lead to bankruptcy

### **Sources of Finance**

- Personal savings
- Borrowing from friends
- Plough-back-profit
- Inheritance from parents or family
- Opportunity of credit facilities

## PARTNERSHIP BUSINESS

This is when two or more individuals agree to undertake business as cop0-owners for the objective of making profit. Section 1© of Partnership Act, 1890 provides that: "Partnership is the relations which subsists between persons carrying on a business in common with a view of profit". Officially, ownership size is between 2 and 20. Their operation is guided by Partnership Deeds or Article of Partnership. Members can be general, limited, active, dormant/sleeping, nominal partners, etc.

**A Limited Partner** can only lose his capital contribution in case of liquidation. He does not participate in the management of partnership, cannot dissolve the firm by notice, his death or insanity cannot dissolve the partnership, etc.

**A General Partner** has unlimited liability. He can be made to use his personal property to liquidate the business debt. His death or bankruptcy can dissolve the business, he takes part in the management of the business, etc.

**Active Partner.** an active partner is actively involved in the running of the business and take part in the management of the partnership, he can play the role of manager, directors as dictated by the partnership deeds. He receives salary for his role apart from the share from the profit,

**Dormant Sleeping Partner.** He does not participate in the running of the business, he only contributes capital into the business and entitled to profit as stipulated in the agreement as contained in the partnership needs,

**Nominal Partner.** He does not contribute nor participate in the running or management of the business, he only allows his name to be used as a member because of his status in the society. The intention is just to boost the image of the business.

Some of the things contained in the partnership deeds or articles of partnership are:

- Name and address of the business\
- Names of partners and their capital contribution
- Date of the agreement
- Nature of business
- Capital contribution as agreed upon
- Share of profit and loss as agreed
- Dissolution of partnership if need be
- Partners emoluments in form of salaries and allowances
- Termination of partnership
- Admission and withdrawal policies of partners

## **Advantages of Partnership**

- Opportunity to raise large capital
- Better performance due to the advantage of having better skilful and well knowledgeable active partners
- Risks and liabilities shared among partners
- Not too difficult to form
- Has some level of privacy of account?
- Members can engage in other work to earn additional income
- There are chances of continuity with existence of more limited partners
- Allows for some degree of specialisation
- More effective decisions are made
- Little or no interference from the government especially pertaining to double taxation

## **Sources of Fund**

- Partners' capital contributions
- Charges on admission of new partners
- Plough-back-profit
- Loans through financial houses
- Gains from investment

## **COOPERATIVE SOCIETY**

This is an association of a group of people who come together to pool their resources together to achieve a common goal specially to promote economic activities of members such as production, marketing, distributions of goods and services to members. They also aimed at providing other welfare benefits. they buy in bulk or large quantity and sell to members at reduced prices. It is a voluntary association that is democratically run, e.g. cocoa cooperatives society, etc. they promote members interest and assist to grow their businesses. Members enjoy profit based on rate of patronage. Elected committee of members helps to manage the cooperative.

**Consumer Cooperative Society.** Consumers pull their resources together with the aim of making available goods for day to day requirements at cheaper prices. They buy from middlemen like wholesalers and retailers in large quantity and sell in units to members. Members share surpluses as bonus.

**Producers Cooperative Society.** This is association of producers of similar products who come together to promote the production of their products. They use to buy together factors of production in bulk with the intention to produce with low overhead cost. The members maintain their individual identity but sell their products to the society. They society supply farm implements, tools, insecticides, raw materials, equipment to members at reduced prices. Marketing of member's products are done by the society.

**Credit and Thrift Cooperative Society.** These are group of people that contribute their resources in form k of savings. members are given loans at minimum interest for them to be

able to meet up with their immediate needs and to boost individual's businesses. They are not purposely for profit. Many members may not be able to approach banks because of high interest rate and lack of collateral.

### **Advantages of Cooperative Societies**

- Services to members in form of granting loan
- Members can buy goods at lower prices
- Loan interest rate charge on loans
- Members are protected from unnecessary exploitation
- Members can produce in large scale because they have access to modern implements and tools
- Member enjoys bonus from surplus gain by the society
- Members get surplus fund to run their private business
- Improve member's standard of living
- It encourages members saving habit

### **Characteristics of Cooperative Society**

- Primarily aims at rendering services to members
- Not profit making oriented
- It is non-political
- Charging of low interest rate on loan
- Membership is open to all and sundry
- Profit or bonus according to each member's contributions and patronage
- They registered under relevant cooperative laws
- It has one man and one vote
- Cooperative shares are not transferable

### **GOALS, OBJECTIVES, VISION AND MISSION STATEMENT OF AN ORGANISATION**

On most occasions, goals and objectives are used interchangeably in management, however, there is a little difference.

Goals: - what an organisation hopes and intends to achieve or accomplish in a future period of time. Achieving organisational objectives depends largely on the goals set. It is a road map that leads to accomplishing an objective.

Objectives: - it is the end results that state specifically how the goals will be achieved.

Objectives are specific, it is the break down of what is contained in a stated goal.

### **Specific roles of setting objectives**

- To define the organisation relationship with the environment
- Objectives help an organisation to pursue its vision and mission
- Objectives provide the standard for performance
- It gives direction to an organisation
- It helps to understand the real goals of an organisation

## **How to set or formulate objectives**

Glueck,(1984) highlighted three factors that are key to objectives formulation which are:-

- The forces in the environment- that is, internal(controllable) and external(uncontrollable) variables, such as technology, economic, political, competition, policies, employees, informal groups, socio-cultural, legal, etc
- The value system of top executives, that is, their goal, belief, perception of what is good or bad policies, desirable and undesirable, etc.
- General awareness by the management, that is, awareness, experiences of the past that will assist them in accomplishing any objectives to be set.

## **Why objectives are set**

Peter Drunker highlighted why objectives are set in an organisation. He said, the following areas are key which are, market standing, innovation, productivity, physical and financial resource, profitability. However, professor Singh (1983), in the findings from his research on objective setting in large organisations said the following areas needs to be look into in setting objectives, which are: -

- Profit intention that have good return on investment
- Marketing intention such as increase in sales, market development of new and existing products, reduction in cost and improving customers services
- Growth in output, sales and turnover on investment
- Social responsibilities to community
- Rural development

## **Characteristics of objectives**

- Simple and understandable
- Concrete and specific(specificity)
- Should relate to a time frame (periodicity)
- Measurable and controllable, achievable
- Quality. Should give direction to the management and be tangible.
- Should be set within constraints
- Must be broadly stated
- Verifiability, to find out if the objective is achieved or not
- Should allow for evaluating of performance

## **ORGANISATION VISION**

It is what ultimately the firm or a person would like to become. E.g. "I want to be the best footballer in the world"; "I want to become the president of Nigeria in the next 5 years", etc. vision helps to articulate position that a firm or an individual would like to attain in a distant future. Kola define it as description of something in the future.

Advantages of having a written Vision statement in an organisation

Park and Neubauer (1993) pointed out the benefits an organisation stands to gain if they have a good vision statement.

- Vision inspires
- Competitive, original and unique
- It fosters risk taking and experimentation
- It represents integrity
- Helps to create common identity
- Allows for sense of purpose
- Gives direction, and focus

### **Qualities of a good Vision**

Collins and Porras (1996) postulated the basic characteristics of a good vision.

- A good vision should be linked to the employees
- A good vision must convey a general strategy for achieving mission
- Must be consistent with the culture and values of the organisation
- It must point an organisation in a particular direction
- It must communicate management aspiration to all stakeholders
- It must unify the effort of all organisation personnel to achieve desired goals.  
Example, -MTN Nigeria. To be the leader in telecommunication in developing countries”  
Globacom- to securely position Globacom as the largest most successful telecom provider both in Nigeria and Africa as a whole.  
Airtel- to create what it means to be world class”
- Thomas Adewumi University, Oke- Vision statement—to provide excellent academic environment suitable to the development of ideas and knowledge for the benefit of mankind. Mission statement- to be centre of attraction for staff and students of the highest quality dedicated and attuned to the ideas of excellence, truth, progress and development in an excellent academic environment.

## **MISSION STATEMENT OF AN ORGANISATION**

It is what an organisation is and why it exists. Mission in an organisation relates their existence to satisfying a particular need of the society. Thompson (1997) defines mission as the essential purpose of the organisation, concerning particularly, why it is in existence, the nature of the business. Hunger and Wheelen (1999) says that mission is the purpose or reason for the organisation existence.

### **Characteristics of a mission statement**

- It should be feasible and achievable
- It should be precise, not narrow, not restricted but not too broad to make it meaningless
- Should be clear and easy to understand

- It should be motivating, that is encouraging
- Should be distinctive and not discriminating
- Should indicate how objectives are to be achieved. Example, MTN- "to be a catalyst for Nigeria economic growth and development, helping Nigeria development potential not only through the provision of world class communication, but also through innovative and sustainable corporate social responsibility initiatives"
- Globacom- "to clear world class telecom solutions and services to all sector of our society, business corporate, government, public and private in a manner that not ill make each and every Nigeria proud"
- Airtel "to cement Zain as a leading global mobile and data services to all our customers where ever they are worldwide..."

## **PUBLIC CORPORATION**

It can also be referred to as public enterprise. It is an artificial being existing only in the contemplation of the law. It is established by statute or law enacted by the state or federal legislature through act of parliament. Not set up purposely to make profit but are expected to be able to generate revenue for their day to day operations. It is a business unit owned, controlled and finance by the government to provide social amenities for the public or its citizens. They are managed by a board set up the government. Examples are Nigeria Railway Corporation, NEPA, Nigeria Airways, old NITEL, Nigeria Ports Authority, Federal Radio Corporation etc.

### **Characteristics of Public Corporation**

- Permanence- the organisation continues even after the death of its leaders
- Subventions come from the government
- There is separation of ownership and management, government owned, board managed
- It involves huge capital investment
- Monopolistic in nature
- Financed through public taxes
- They provide essentials services
- Does not share profit, any excess income is ploughed back into running of the organisation
- No shareholders except when commercialised

### **Reasons for Public Corporation**

- It is a source of employment opportunity
- Government are in the position to provide the huge capital needed
- Legal entity, can sued and be sued. Exist in their own name
- Enjoy continuity
- Workers have hope of enjoying future hope of income after retirement which is guaranteed inform of pension and gratuity
- To bring some essential services close to the public



- Development of infrastructural facilities for economic and social development, e.g. roads, water supply, etc.
- To protect home industries over foreign domination

### **Advantages of Public Corporation**

- Enjoy monopoly
- It does not die, that is, there is continuity
- Stockholders have limited liability
- Enjoy having large capital provided by government
- Has legal entity
- Provide essential services to the public
- It creates employment opportunity
- Expert are employed, so it has advantage of efficient management
- Economic of large-scale production

### **Disadvantages of Public Corporation**

- Bureaucracy due to complexity and largeness of production
- Danger of political interference
- Late decision taken because of government red-tapism
- Tax payers do not have say in its management
- Cost of management and production is high
- Laxity in control led to ineffectiveness, inefficiency and standardise services
- They are monopolist
- Lack of privacy
- Ethnicity, and sectionalism leads to bias in siting of some amenities. It favours those in that areas than other people of the state especially in terms of employment, and filling of top positions
- It is subject to state control and management

## **JOINT STOCK COMPANY (LIMITED LIABILITY COMPANY)**

This is a company that is incorporated association of persons formed for a commercial purpose and whose members liabilities for its debts are limited to the capital they agreed to contribute or already contributed in event of the company folding up. It is incorporated under the rules and regulations stipulated in the companies and allied matters decree of 1990 for the purpose of carrying on a business. The owners are referred to shareholders. Can sue and be sued, because they have legal entity.

### **Types of Joint Stock Company**

**Private Companies-** usually for few people who want to come together to carry out an investment opportunity. It could be as a family or with a friend. It has members between 2 to 50. It has the following features: -

- Formed by minimum of 2 persons and maximum of fifty.
- Not permitted to invite the public to subscribe for any shares or debentures of the company
- Not required by law to publish its annual account to the public
- Can start operation after getting certificate of incorporation
- Shares are not transferable to their shareholders
- Members have limited liability
- Contiguity in nature
- There is separation of power between the ownership and control
- Memorandum of association must indicate that it is private company

**Public Companies-** this is a business formed by not less than seven persons and has no maximum membership. They agree to pool their resources together to invest in particular business for the purpose of making profit. It has the following features: -

- 
- Can be formed by not less than seven persons
- Can invite public to buy shares in the company
- Required to publish its annual account to the public
- Can start operation once the certificate of incorporation is issued
- Activities of the company are not affected by the death or resignation or withdrawal of a shareholder
- Shares can be easily and freely transferred through Nigeria stock exchange
- Has limited liability
- It is legal entity

#### **Formation of Joint Stock Company.**

Companies are formed through any of the followings:

1. **By Charter.** Companies called chartered company come into existence through grant of royal charter, examples of such organisations are. Chartered Institute of Accountant of Nigeria (ICAN)
2. **By Statutes.** Companies established under statutes are known as statutory/public companies, e.g., Nigeria Electric Power Authority, Nigeria port authority, Nigeria Railway corporation, etc.
3. **By registration.** Companies formed through registration are usually called registered companies. They register with registrar of companies and are issued with a certificate of registration or incorporation.

#### **Memorandum of Association.**

It is the document that defines the relationship between the company and the outside world. It defines the company's powers and objects as well as its nature. It also defines the limit of its power. It defines the objectives and powers of the company. The document is drawn by the members. It contains things like,

- name of the company with limited or PLC;
- names of the members or promoter,
- objective of the company, s.
- subscription clause;
- the limitation of liability,
- nature of the company (private or public);
- address of the registered office, etc

### **Articles of Association**

This is the document that govern the running, administration and management of the company. It helps to regulate both internal and external functioning of the organisation. It defines the functions and duties of members. It forms the contract between the company and members. It is always printed, dated and signed by each subscriber to the memorandum in the presence of a witness, who must also sign. It contains things like: -

- Duties of members
- Members rights
- Holding of meetings and its procedure
- Duties, appointment, qualifications, right and power of directors, auditors and secretary
- Accounting and auditing procedure
- rights of shareholders
- Voting procedure at the general meeting of the shareholders and directors
- Declaration and payment of dividend
- Issue, transfer and forfeitures shares
- Procedure for winding-up.