

The African Women's Development Fund

MARKETING AND SELLING TECHNIQUES



A Handbook For Community Based
Women's Groups



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PREFACE

This handbook for grantees of The African Women Development Fund (AWDF) Small Grants Program introduces basic principles of **Marketing** in simple and practical ways. It involves aspects of social and management processes by which groups obtain what they need and want through creating, offering and exchanging products of value with others in and outside their localities.

This handbook has been developed at the request of community based women's organisations who are current and prospective grantees of the AWDF Small Grants Program (SGP). The SGP provides support to smaller women's groups who are not likely to have access to any other financial or capacity building support. A needs assessment exercise conducted by AWDF revealed that poor access to reader friendly information on Marketing among other issues poses a challenge for community based women's groups.

The handbook is meant to serve as a guide for grantees and other women's groups. It is expected that it will be used to build capacity towards organisational growth and sustenance, while enhancing individual standards of living. The handbook elaborates on marketing related issues with simple examples that will facilitate the acquisition of more information on effective ways of marketing products for profit. It is expected that this handbook will serve as a useful information tool that can be adapted to match the need of smaller community based women's groups.

This handbook was compiled by consultants from Anomena Ventures and the AWDF Fundraising and Communications Team.

Bisi Adeleye-Fayemi
(Executive Director)

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INTRODUCTION

In recent times, funders have recognized the significance of enhancing the organisational capacity of their grantees. The new thinking behind this is that it is effective organisations that are better placed to fulfill their mission and maximize their human and financial resources. Therefore, investing in the organisational capacity of grantees is increasingly seen as critical to achieving required results.

Different organizations have varied approaches to issues of capacity building, the ultimate aim of which has always been to build the capacities of organizations so as to maximize social impact. In view of this fact, the African Women's Development Fund (AWDF) an Africa-wide Fundraising and Grantmaking organisation raises money, awards grants and works to strengthen the organisational capacities of its grantees.

Operating through the AWDF Capacity Building Unit which was started in June 2003, grantee organisations are supported with grants for Technical Assistance Programs which include Training Workshops, Consultancies, Documentation and Participatory Research. Another strategy employed is to mobilise organisations with track record in Capacity Building and Leadership Development to work with other women's organisations in the region on capacity building issues around Strategic Thinking, Leadership Development, Inter-generational Organising, Documenting Organisational Learning and Coping with Transitions.

Most African women's organisations work in environments which makes their work even more challenging – political uncertainty, economic decline, conflict, dealing with the impact of HIV/AIDS and the rising tide of religious and political conservatism. An important consideration lies in the fact that, the ability of any organisation to make an impact on its chosen area of work depends largely on how it can manage its internal and external dynamics of growth and development. However, if these organisations are weak, the opportunities are wasted. Capacity Building is therefore necessary for women's organisations to ensure that they are able to achieve their goals and visions. Women's organisations in particular have the potential to produce well-grounded leaders, through their many awareness raising, self-esteem, inter-generational and capacity building programs. This handbook on Marketing is a contribution towards meeting the capacity strengthening needs of community based women's groups.

1. Marketing and Selling Techniques

1.0 Marketing

Marketing is anything done to find out who one's customers are and what they need. It deals with how to satisfy customers and make profit by:

- Providing the product or services the customer needs.
- Setting prices customers are willing to pay.
- Getting products or services to customers.
- Informing and attracting customers.

Two definitions of market are:

- A place where people meet to buy and sell goods.
- Customers, people or their businesses, who want your products and are prepared to pay for them.

Your 'market' is the customer you have presently, the customers you hope to get in future and those you have lost but hope to get back.

Example: In the edible palm oil processing business, the 'markets' are schools, hospitals and market women who are prepared to pay for the finished product (oil) which is used for cooking.

1.1 Customers and their Location

An approach to selling products to more people than can be reached by oneself is through the use of agents, wholesalers and retailers. These intermediaries operate in the following ways:

Agents buy and hold large stocks of products. In return they are granted the exclusive right to sell the products to particular type of customers.

Wholesalers buy large stocks of products, which they sell to retailers. They often have a significant position in a particular market.

Retailers are traders who buy directly for sale to customers. Retailers may be supermarkets, department stores, specialised shops or local village shops. Since agents, wholesalers and retailers will also make profit from purchase of products, they must be sold to them at a lower price than would be sold directly to the final user.

The decision on how to sell or distribute products will be influenced by some factors such as:

- The type of product, its durability, and if it requires any kind of servicing.
- Will people buy such a product exclusively, or will they expect to buy it from a shop that sells other things as well?
- Storage and transport facilities and the costs related to these facilities. Sometimes it is more economical to sell larger quantities at lower prices and to focus on producing rather than selling.

To improve on existing items for the market the following must be done:

- Find out what people want.
- Bring to the market products which will meet the needs and satisfaction of the customer.
- Price the items such that the customer will be willing to pay.
- Promote and advertise the product to the notice of the customer.
- Place them at the market and distribute them.

The business must record profit if these procedures are followed.

It is important to know where your customers are located so one can reach out to them. Are they in the city or in the rural areas? Do they have a habit of purchasing from a store or from the local market? The location of customers or where people who make purchases will facilitate effective planning on how to reach them with one's goods. For example, a palm oil producer has as its target educational institutions and the customers are located in the various educational institutions in a particular region. The producer decides on how to meet the needs of its customers by meeting them at a point in terms of supply or distribution. This point could be at their school or factory gate, or any strategic location in the vicinity.

Another person who produces shea butter must be able to target the location of its customers. For example, if the customer is a company that buys from wholesalers, the shea butter producer must work on how to meet the needs of this company. This means carefully considering the quality and packaging of the product, which will in turn be reflected in the price of the commodity.

1.1.1 What customers buy

It is important to know the buying habits of your customers. Are their purchases seasonal or tied to some important festive occasions? Seasonality of supply should be noted. Most cash crops are seasonal, rising in price during the lean season and dropping in price during the major season. A producer should take advantage of the seasons, the palm fruit for example, and process more palm oil for distribution during the lean season when palm oil prices normally go up.

1.1.2 What quantity customers want

The producer should be in a position to estimate the quantity of products needed by the customers per week, month or year. Can they afford them and can you supply them? These questions are very important to be able to plan production and estimate the total revenue from sales. Marketing research is essential for all producers who are introducing new products into the market, those who want to improve on a product already on the market and those who want to satisfy their customers.

Through your wholesaler and retailer you will be able to know how your customers think in terms of quality, price and the acceptability of your product.

Competitors

Periodically compare the quality and price of your product with other competitors by buying their product and comparing the quality with yours. To find out about your competitors business; find out the following:

- Their products or services
- What prices they charge
- How they attract customers to buy
- What customers discuss about the goods and services in the other business.

Product Distribution

Product distribution helps producers to identify suitable distribution channels for their products. For many manufacturers it is often more important to have cheap rent or land and good supply of raw materials. If your business is not located where your customers are, a way must be found to get your products to the customers.

Some of the ways through which you can distribute your products to customers include selling directly to the customers that is direct distribution or paying other businesses to sell the goods for you. These other businesses are mostly retailers or wholesalers. This is known as retail and wholesale distribution. Thus distribution in general involves getting goods from manufacturers to the final customers and entails buying and selling by wholesalers, retailers and the transport used to move them at each stage.

Channels of Distribution

A number of people or institutions may handle the products before they reach the consumer. However, care must be taken so that not too many people handle the product before it reaches the consumer, since at each level some profit will have to be made and this will increase the final price. If the price is very high you cannot sell many goods. Always choose a distribution channel that will maximise profit but reduce selling price.

If for example, you are selling foodstuffs to a government institution, you will have to be familiar with their procedures. A supplier's invoice should be authentic; when approval is given, you may have to enter into a formal agreement with the institution on the quantities, price and the time of supply. Always evaluate your time and supply on time. Without proper financial planning, the smooth running of your business will suffer because some of these institutions may sometimes take time to pay.

Many small manufacturers cannot afford to employ sales representatives to visit customers if they are spread over a wide area. Thus a collection centre could be created within the immediate vicinity where wholesalers can buy bigger quantities of goods and sell to retailers or other customers. In this case all producers must sell their products to the collection centre by themselves or a means should be created where the centre purchases the items.

Determine which means is cheaper to deliver the goods. For example, is it cheaper to have your own transport, hire a vehicle or use public transport? It may be cheaper using public transport for distribution.

Product Promotion

The best form of promotion is a reputation for good products, friendly service, fair prices and good management. Word-of-mouth promotion by satisfied customers is the best form of communication and thus could be supplemented with other forms of promotion and advertising. These other forms can be advertisements in newspapers, on the radio or cinema, posters, displays in shops or restaurants and by loudspeaker announcements.

Other ways to attract your customer's attention and get new customers at no cost include, regular special offers, changing the layout of the shop, redecorating the restaurant or shop with posters, flowers, table clothes, special offers for changing products and also try giving free samples.

Promotion includes anything you do to influence people so that they will buy your goods. Examples of such activities are the distribution of leaflets, attractive packaging, printed carrier bags, provision of samples, after sales service and organising raffles. Whenever you improve your product or introduce a new one find a way of communicating the improvement to your customers.

Advertising is letting people know you are selling so that they can buy more of your goods. The type of advertising and the use of the media will be determined by what you are selling, whom you are selling to and where your customers are found. An important aspect of advertising is to enable you differentiate your products from those of your competitors. The product should be distinct from others if you want people to search through similar products to buy yours. The product must have an image.

Every enterprise has two groups of customers i.e. new and repeat customers. It is always more costly to attract new customers than to retain current customers, customer retention is more critical than customer attraction. Strive to satisfy your customers because a satisfied customer buys again or uses your services again, talks favourably to others about the enterprise or manufacturer, pays less attention to competing brands and advertising and buys other products that are later added to the old products.

To retain a customer, the group must aim beyond satisfying the customer but rather at "delighting the customer", that is doing a little more than the customer expects. It could be done by letting the customer feel important and at the centre of the business. All major customers could be met periodically to discuss how best to deliver good products and services. Delighted customers are more effective advertisers than advertisements placed in the media. A system must be instituted to address customers' complaints.

In a nutshell, always remember the four "Ps", in marketing and write down one improvement you can consider making under each of these four headings namely:

a. The Product or Service

Can you package the product better, present it better, make it last longer, make it more fashionable, finish it better or label it better?

b. The Place where it is offered

Can you improve upon the environment or the appearance of the place? Can you make it available in more places, are you offering it at times which are convenient to you or to your customers? Can you reduce the "barriers" between your product and your customers, can you go to them rather than they having to come to you?

c. The Promotion

Does everyone who might buy from you know about your product, how do they find out, can you use posters, signs, leaflets advertisements, sales

agents, or does your own personal selling time produce better results, what is the "image" of your business, how can you improve upon it?

d. The Price

Does your price reflect the quality of your goods? Could you charge a little more money and offer a lot more value? Do your terms make it easy to buy? What does it really cost your customers to buy from you in terms of travelling time, correspondence and discussion? Could you reduce this cost, without increasing your costs?

Practice (*Role Play*)

Role play groups of sellers and buyers to demonstrate practical knowledge of negotiation and bargaining skills. This could highlight enhanced customer relations, different temperaments in customer service, introduction of promotional sales and the use of source documents such as pro-forma invoices and receipts, as well as requirements for credit sales.

GLOSSARY

Market

It is a place where people go to buy or sell items, it could be large or small or in a building side or outside (stall); a business that involves the buying and selling of items.

Agent

A person who acts for or in place of another e.g. A business agent.

Wholesale

It relates to products, which are sold in large amounts. A wholesaler is a company or individual that sells products in large quantities to shops, which then sell them to customers.

Retail

This is when products are sold to customers from shops for a particular price. A retailer sells products to the public.

Customer

A person or organisation that buy goods or services from a group or business.

Distribute

To give something out to people or places or to supply goods to shops and companies. The person or group that supplies goods to shops or other groups.

Packaging

Material used for packing the design and manufacture of materials used for packing goods.

Seasonality

Happening or existing only at a particular time of the year. If a fruit is out of season, it is not usually available at that time.

Competition

When one group producing the same item is trying to be more successful than the other. A competitor is a person or group that is competing with others.

Distribution

When something is supplied or given out to people or places.

Leaflet

A piece of folded paper, which contains information about your product, group or location. It should give more positive information about your product.

Market Research

The gathering of information by a business about the preferences, purchasing powers, especially of consumer, especially before putting a product or service on the market

