

THE INFLUENCE OF MARKETING ON PROFITABILITY OF AN ORGANIZATION

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ABSTRACT

Marketing has become an important subject in the modern business that ensures propensity and profitability of firms. Although sometime it is hard to establish the contribution of marketing in the realisation of profits or benefits attained by the firm, yet the contribution of each practice, including marketing, in management of the firms can be scientifically projected. This article poses some discussions on the importance of marketing on profitability of an organization. The article has assimilated a case study of the Genesis School of Information Technology and Journalism to come to position it sets. The college is situated in Dar es salaam, Tanzania and was conducted for four months between December 2012 and March 2013. It has examined the influence of marketing of teaching programs in improving the profitability/income of the Genesis School. The contribution of marketing has been assessed on the increment of the number of students that is related with marketing. We used interview and documentation as the major data collection instruments. The data have been analyzed through descriptive strategies. Narrations have been employed to indicate the prospective profits of the named organization. The study concludes that marketing is the key in fostering business in modern society, and that the type of marketing strategies is worthy in determining the increase of students. Hence, application of various strategies has to be applied intelligently in order to meet the requirement of the segmented populations. In addition, it recommends that more researches should be pursued to realize the extent to which non-educated entrepreneurs perceive the influence of marketing in their firms.

KEY WORDS: Marketing, marketing strategies, improvement of income, profitability.

1. INTRODUCTION

Marketing as a subject has evolved over time. It has become apparent that marketing is crucial for the enhancement of business. The phrase enhancement of business refers to improvement of businesses, which may not necessarily bring forth anticipated profits to organizations. However, there seem to be confusion on the extent to which marketing helps organizations to improve profitability, which is assumed the result of improved business. The quest for profitability that is contributed by marketing and more precisely marketing strategies need a diversified research in both modern and inferior economies, yes the developed and underdeveloped economies. Before we indulge into discussing the interplay of marketing, it is important that we look at what marketing really means. Norman (2005)

suggests that defining key words in academic and or professional literatures is not an optional if conveyance of message and information is worthy. He adds that definition of terms allows both professional and non-professional people to understand the publication and hence achieve its purpose. With rapid publication of articles, which provide free access to information, clarity of language, which includes defining terms used, is crucial.

Hence, marketing is the totality of what it takes in planning and executing of the marketing mix namely product, price, place and promotion for creating exchanges that would ultimately satisfy individuals and organisational wants for attaining the necessary profits-objectives.

Traditionally marketing referred to performance of business activities that direct the flow of goods and services from producers to consumers (Saleemi, 2009:1). The meaning of marketing has kept been improving commensurate with time and advancement of technology and thus knowledge. Jobber (2006) provides that marketing is the business process by which products are marched with the markets and through which transfers of ownership are affected. Marketing refers to the process of determining consumer demand for a product of service, motivating its sales and distributing it to ultimate consumer at a profit. Kotler (1984) adds that marketing is specifically concerned with how transactions are created, stimulated, facilitated and valued.

We note that most of the referred authors attribute distribution of goods and services for attaining organizational goals, which literally means for attaining profits. This paper thus intends to find out through both interview and documentary review through a case study of the Genesis School of Information Technology and Journalism, which is situated in Dar es Salaam Tanzania on the extent to which marketing helps improve profitability. The concentration of the study has been on the marketing mix and how have they been employed to create positive atmosphere for the business.

1.1 The profitability concern

Profit is usually what is left after all costs have been removed from the accrued revenues sales. Therefore, rise in cost are threat in profits especially where the marginal increase in cost are not easily passed to the consumer and where cost minimization strategies are not deliberately pursued as means of reducing total cost, which will in turn improve profitability(Weinberg,1969; Ogbadu, 2009). Generally, profits are casual attributes of many components including marketing, pricing, place, labour and so forth. Ton (2008) found that profitability is improved through increased labour. This is further supported by Fisher et al.(2006)indicate that more labour at a store is associated with substantially higher sales which in turn leads to profitability. King and Lenox (2002) find that some entrepreneurs' hesitate adding labour because they associate it with increased cost rather than profits. Profits in the modern world seem to be connected with marketing strategies. In this regard, some studies have found that profitability increased due to the marketing strategies employed than the effect of price, quality, and place (Norman, 2010; Rust et al. 2002). In addition, some studies indicate that marketing is stimulated by royal customers, who keep maintaining their stance on using the same products or services irrespective of presence of new services (Heskell et al. 1994). Marketing strategy is a method by which a firm attempts to reach its target markets. Marketing strategies starts with marketing research, in which, needs and attitudes and competitions products are assessed and continues through the advertising, promotion, distribution and where applicable customer serving, packaging, branding and these are done for delivering greater value to customers and the firm and lower. In summary,

marketing is a process of creating and exchanging value with various levels of acceptance and implementation of the marketing philosophy.

1.2 Background to Genesis School

The School was established in the year 2012, May as an educational institution in Dar es Salaam Tanzania. The programs that it offers are very course that are also offered by many colleges in Tanzania and more specifically Dar es Salaam. It is situated in Mwananyamala with the Open University and Tumaini University being within coverage of one kilometre. The location of the school, poses some challenges, as to how the marketing mix, will effectively be used to enhance profitability of the organization. Being a new institution, there are obvious some challenges which need to be arrested. The institution comprises of four key staff, with the managing Director who was former lecturer in various institutions. The personnel have the following qualifications: Diploma, Master Degree, Bachelors, and PhD. The School is a branch of prospective University of Genesis, which is on construction in Isimila in Iringa.

Provide a factual background, clearly defined problem, proposed solution, a brief literature survey and the scope and justification of the work done.

2. Literature review

Most literatures have indicated the prudence of marketing in improving business. The list includes (Kotler, 1984; Saleemi, 2009; Spalton, 2010; Norman, 2012). We literally appreciate that marketing is the process where company satisfies customer needs with a product and service at a price that generate profit (Spalton, 2010:12). The aim of marketing remains to be crucial for enabling people and in particular, entrepreneurs understand its impact in the business ventures. In this regards, we ought to ask few questions: 1) Can we do our businesses without marketing? Are those doing business –yes the diversified business ranging from schools, wholesales, manufacturing, packaging and services delivery organisations such as Tanzania Revenue Authority (TRA), Uganda Revenue Authority (URA), and Kenya Broadcasting Corporation (KBC) enjoy the benefits of marketing? 2) Do people whom we know in our local environment register their achievement in connection with marketing? If so, do they formally utilise all of the marketing mix or they use them circumstantially? 3) Finally, we must ask ourselves why marketing. Starting with the later, we realise that there are several objectives of marketing as narrated by several literatures.

The prudence of marketing lies on the fact that where marketing is operational and effectively and efficiently pursued can cause lower cost of distribution, which lead to real increase of the national income. The reduction in the cost of marketing is really a benefit to society (Saleemi, 2009). Marketing provides wide employment opportunities. Saleemi (2009:9) notes that in countries like USA, of the total number of persons employed, between one-fourth and on third of them are engaged in the field of marketing. This suggests that marketing is important not only to those owning ventures but even to job seekers. In addition, marketing process makes it possible for goods and services to be available to consumers. Consequently, provides easiness in performing activities hence raising the standard of living.

Further, marketing converts latent demand into effective demand. In other words, what we considered luxurious goods yesterday are today considered necessities. Marketing transforms the economy of the country through paving a way for shortages of goods and services to perseverance. Scarcities of goods and services beside production shortages can be linked with

poor marketing strategies. With efficient marketing scarcities can be changed into presence of both goods and services. The influence of marketing on profitability of organizations is thus evident. For example, McCarthy and Perreault (1993:54) indicate that when marketing strategy has been well implemented would be profitable to organizations. They add that well implemented marketing plan would be profitable to organization hence it worthy to argue that marketing can influence profitability of organizations. Marketing involves some components such as market penetration, which means attempt to increase sales of a firm's present products in its present markets, which ultimately improves profit of the organization. Of course, in some instances, through a more aggressive marketing mix (Terry, et al., 1982; Winter, 1979).

In addition, Palmer (2001:4-5) argue that marketing creates more profits in developed countries (organizations) because these countries invests much in the marketing of their services. He adds that a large part of the growth in the service sector during the recent years has reflected the buoyancy of the manufacturing sector. Equally, organizations such as educational institutions need to market the program for the realization of the present profits. The long-term profits would be determined by many other factors including loyalty of the customers created. In Tanzania, for example it has been noted that the increased profitability of the tourist sector has resulted from increased marketing of the services (Tanzania National Parks Authority, 2011). This in one way or the other suggest that in most business, the issue of marketing cannot be undermined. Organizations do adjust themselves through varied strategies, which would lead into realizing more profits in the short and long term. Nevertheless, the importance of marketing remains to be prudent in the profitability of organizations (Zeithaml et al. 1993; 1985; Wilson and Gilligan, 1997; Norman, 2007).

The summary of the importance of marketing lies on the main objective of the marketing process, which is discovering the needs of prospective consumer. In this regard, Berkowitz et al., (1992:15) adds that marketing does not stop at discovering prospective consumer; it must concentrate its efforts on certain needs of specific group of potential consumers.

3. materials and methods

This study utilized a non-parametric study design, and thus it is a qualitative study. It has used documentation and interview as the main data collection methods. Observation was also used to add value of the findings through experiential. The study was a case study, and concentrated on the Genesis School to come up with the findings on the extent to which marketing improves profitability. Hence, the sample was four personnel working with the Genesis schools of information technology and journalism. These were the managing director, the registrar, the principal and the academic dean of students. The analysis of the findings observed the descriptive methodology since it was meant to find out the relevance of marketing and thus come up with new knowledge or theory governing the area. The summaries have been made to viably, enable the findings presentable. A mini-study was done to add samples of responses from other institutions, and in this regard, Mbeya University of Science and Technology was co-opted in the study. However, the study retained its originality as indeed was the case study, and not the multiple case studies.

3. results and discussion

The findings for the study sought to answer the three questions. 1) Can we do our businesses without marketing? Do people whom we know in our local environment register their

achievement in connection with marketing? If so, do they formally utilize all of the marketing mix or they accidentally use them circumstantially? 3) Finally, we must ask ourselves why marketing. Starting with the later, we realize that there are several objectives of marketing as narrated by several literatures.

In order to grasp understanding of what the study intended to achieve, the key research questions had to be preceded with whether the interviewee understood the term marketing in a literal manner, not necessarily in academic and or professional outlook. The essence was to do away with asking responses to persons who are not familiar with the subject. In this view, Norman (1999:14) provide that it defeats an intelligent mind to pose questions to people who do not know or are not familiar with the subject in question. He adds that questions and more specifically researches have to utilize knowledgeable sample of respondents to come up with valuable findings that are self-explanatory. Hence, prior to asking the intended questions, we had to understand whether the respondent knew what is marketing.

Q1. What do you understand regarding the term marketing?

The Managing Director had this to say,

“Marketing is a totality of what makes business thrive. It encompasses strategies of ensuring that the business is located where customers will easily access services and or product for profit attainment”.

The Principal had this to add, ‘without marketing it is difficult to realise profits of the firm”.

The responses of the two senior officials of the Genesis School made the researcher to generally, know that the business owner and the principal were knowledgeable of what marketing is.

Q2. Can you do School business without marketing?

In response to this, the Managing Director had this to say,

“Marketing is everything, one cannot do business not to say the running of a college like this, but any business the world over must be connected to marketing. Marketing involves identifying the place to locate the business, the type of the service or product one offers, price of the product must conform to the customers, and finally how do you reach the customers and thus make them know the type of the business. This requires identification of proper means of communication of the product which we normally call it promotion”.

Q3. What made you locate your school at this very place Mwananyamala?

“The location of the place was determined by the consultant who was hired to specifically advice me the proper place to locate my business in Dar es salaam. He came up with three places, but he ranked this as the most appropriate. Some reasons were given to locate the business. As you can see we are located at the mid of two huge known universities- the Open University and the Tumaini University, which makes us use less effort in telling people where we are located. However, the two institutions offer degrees, but we offer the products which they do not offer- Certificates and Diploma programs of Journalism and information technology”.

Q4. How did you utilise the marketing mix, especially the price of the programs?

“My sister you seem to be very inquisitive... indeed yes, the price of the program is important but not the ruling card. Regarding the price we have lessened the prices of all programs by 50,000 TZS (equivalent to 30 US dollar) so when we advertise we clearly say we are cheaper than any college, indeed we are the cheapest but by how much- 50,000 TZS. Equally, the price had to accompany good products produced by competent teachers. We have hired a Principal not junior one no the known principal.”

Q5. Can all of you tell the extent to which the marketing has helped improving profitability of the organisation?

In response to the question, the Dean of students had this to say,

“We can hundred percent say marketing has made us flourish. When we started finalising the last component of the marketing mix as taught to us by the Managing Director, we had to visit some churches in Dar. We advertised the programs in Lutheran Church (nine parish), and distributed flyers at Ephata ministry. Few days after we noted huge number of students. Most of them indicated that they heard the program from church, radio and television. Others indicated that heard the program from peers. Some indicated that the advert board which bore the name of the school influenced their coming”.

Q6. What is your general understanding on the role of marketing in improving profitability of academic organisations?

“There are generally two facets on the role of marketing in improving profitability of organisations. The first is the influence of competitors, which would require more marketing strategies compared to areas where competition is not profound. The second is absence of competition or little competition, which would require absence or less marketing strategies. For example, we have noted many colleges and schools, which have been established in areas where no school at all, or very few schools and hence no marketing strategy is employed. This is due to fact that when demand supersedes supply, marketing becomes a weak tool to improve profitability of organisations (Response of one of the leaders of Mbeya University of Science and Technology)”.

The response was seconded by all the four members and had more less similar answers.

What we note in this study is the level of education of professional marketer vested in the managing director, who prior to the establishment of the college, had to hire a consultant who is specialised in business management. The team at Genesis School has been trained on how best they can use the marketing strategies to properly, achieve the organisational goals. It has been learnt that marketing is a pillar of the business of the Genesis. We also note that marketing as a process of creating and exchanging value with various levels of acceptance and implementation of the marketing philosophy, its impact depends on other factors such as the level of competition. It has been clear that the more the competitors the more likely the strategies that would be employed in the marketing process. The reverse would be true also. Hence, the utilisation of marketing strategies needs an analysis of the presence or absence of competitors. It is the extent of existence of competition, which would suggest the level of marketing. The profits realised at Genesis are a short term, and could change pending on the

strategies for maintaining the profits that are long term focused. So far, the study has realised profit realisation of the school through marketing.

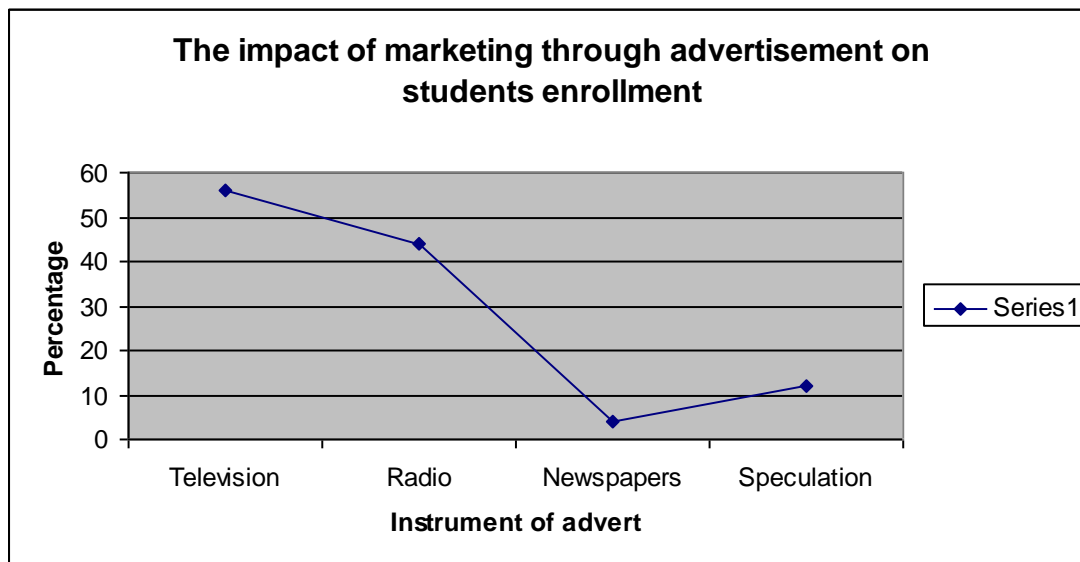
In this study, it was noted that some strategies of marketing were employed. These include advertising through radio, daily newspapers and televisions. The responses of students were noted regarding the most influential media of adverts in relation to the increase of the number of students. It was noted that television had more impact on the number of students that were recruited at the Genesis School of Information Technology and Journalism. See Table 1, for the amplification. The narrations on the table are on the most considered on influencing the students to join the college. We appreciate that number of enrolment also reflects the level of profitability.

Table 1: The impact of marketing on students’ enrolment

S/NO	Media description	Influenced students	percentage
1.	Television	56	48.27
2.	Radio	44	37.93
3.	Newspapers	04	03.45
4.	Speculation	12	10.35
	Total	116	100.00

Source: Findings on the field 2012/2013. The findings indicate that television had the highest impact on reaching and thus influencing students to join the college. The lowest influencing media on the list was the newspapers.

Figure 1:



The findings further indicate that most students were influenced through television. The adverts were made available before the prime news, and immediately after the prime news. This attracted about 56 students out of 116 who joined the college in the year 2013. The second influencing media was the radio, which attracted about 44 students, which is 37% of the total number of students. The modality of specification of the advert was on prime news-just before and after the prime news. Speculation attained the third position, as it influenced 12 students, which is 10.3% of the total number of students. This could tell a lot on the

tendencies of the adverts versus the influence of speculation. Some people respond to the products through what is called hearsay or speculation. What people say, at times, affects the concerns of the people. Speculation seems to have huge impact in influencing and thus persuading customers to respond to the needs they want. This seems to conform to what Norman (2006; 2010) noted when studied the influences that lead people to invest in stocks. He noted that hearsay or speculation was among the leading influencing factor.

Newspapers attained the last position in the list, as it influenced only four students. The paper's adverts were more than every advert fledged in terms of number of days it appeared. However, the impact of it was minimal. This provides some other clue on the behaviour of reading of the students in Tanzania. Certainly, the readability of students suggests that the population of Tanzania may have some similarities in terms of reading adverts versus listening to radio and television. Norman (1999:54) indicates that the tendencies of reading in African context seem to be inferior. He adds that it can be right to argue that for Africans, hiding secrets would mean revealing them through books or professional magazines such as journals. He seems to have meant that the revealed truth in books are hard to be found by most African due to reluctance in acquiring information through reading, except for exams purposes. Equally, newspaper could not contribute significantly in the enrolment level at Genesis. It is therefore recommended that reading should not be considered as an optional character in our daily life, rather a bread of the day.

4. Conclusion

The findings of the study have indicated that marketing is crucial in the enhancement of the business of any organisation. In addition, we have noted that marketing is a profession just like other professions such as medicine, accounts and so forth. Therefore, while we appreciate the vitality of marketing in making possible for the business to improve in terms of the profits, we equally emphasise on the knowledge pegged to the practitioners of the business to intelligently, utilise the components of the marketing instruments. We have noted also that, the extent to which marketing is employed depends on the level of competition. We therefore conclude that the influence of marketing on profitability of the organisation is evident, and that as far as this study is concerned television had the highest impact on the enrolment rate with contribution of 48% of the total students enrolled. Radio was the second being ranked with speculation and newspapers with contributions being 37%, 10.3% and 3% respectively. The study further suggest that, assessing advertisement instrument is critical since not all advertisement instruments are worthy in all situations. There is need for more research studies on the extent to which marketing can influence profitability in particular to entrepreneurs with less than a diploma or those who have not attained university education, which are the majority in Tanzania. In addition, this study focused on the short-term profitability, hence need for more researches in similar setting to realise the influence of marketing in the long term. Moreover, some researches should focus to avail reasons for such results, which include why young people favor televisions and radios than they do to newspapers.

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