

Rethinking Marketing Strategy



By Mwangi Wanjumbi

The political events of the 2007 elections have massive negative impact, which is likely to be felt for a long time to come by every business operating in Kenya has pushed marketers to reassess their strategies, writes Mwangi Wanjumbi.

It does not matter the size of the business. Small businesses will, however, be harder hit because they rarely have extra capacity to absorb destruction as has been witnessed. Worse still, no insurance cover

is available for losses arising out of political riots. Even if there was compensation, Insurance companies would only pay on the basis of something called ex-gratia payments which depend on goodwill rather than any legal obligations. This scenario effectively slaps a huge blow to the national economic gains experienced in the last few years. It was indeed a major setback to business and especially marketing strategy.

The Government has tentatively put the losses at Ksh100 bn in January 2008. This may only be an indicator when the actual figures are obtained for subsequent months. There was indeed a lot of uncertainty hovering all around us, like a dark cloud especially in January and February. Businesses never thrive in this kind of situation. It is a generally a wait and see affair for those concerned. In fact, there was no re-stocking or investment in new projects during the said period. Manufacturers on the other hand were only operating at a fraction of their capacity.

And this is why the declared losses so far is just an indication: The supply chains involve the movement of goods, information and even finances amongst different players in an industry or industries. The hotel industry, for example, is the kingpin of the tourism industry. This industry had been hard hit thus operating at below capacity, even when it is supposedly high season.

This is an indication of serious bleeding of the supply chain. Notably, the hotel industry and the whole tourism sector for that matter rely on many other sectors of the economy, especially small businesses. But, it appears that the agricultural sector suffers irreparably. It not only supplies fresh products like fruits, vegetables and meat but also processed foods like milk, flour, fat and sausages amongst others.

Apparently, a lot of the products are perishable and supplied from a wide cross



section of the country. Heavy losses are incurred when this all important tourist industry is destabilized. The transport sector which links the industry with its producers also fails to get its fair share of economic benefits. What a blow to the marketing of goods and services to this country. The state on the other hand lost massively on account of reduced tax remittances on goods and services. It is no wonder that the Government has now resulted to tough austerity measures in the short term.

Whole distributorship channels of manufactured products likewise suffered the same fate. Safaricom for example indicated that it lost business worth Ksh.400m in a matter of a few days. A figure of Ksh150 -200 mn was also reported by Celtel during the height of political skirmishes. These losses had a trickle down effect to all distributors, agents, wholesalers and retailers of the products of these communication companies.

The losses effectively transcended from large to small businesses spread throughout the country. And in the absence of communication through unavailability of airtime, many business transactions were seriously disrupted or hampered all together.

Professional services were not left behind either. Some of the players provide knowledge based services meant to improve productivity in the different sectors. Stoppage or slowing down of such services, leads to idle time and therefore wastage of invaluable resources thus discouraging development of knowledge based businesses. These are critical areas for development of this country. And this scenario further results to lost revenues in form of taxes.

Even national industries like New KCC had to be closed down for a while due to lack of supplies resulting to serious shortages and eventual employee lay offs. Yet, it is this milk industry that has

made the North Rift residents and others to walk tall after recent revival of the respective plants.

Looking at the occurrences either from the consumers or suppliers point of view, there has been massive destruction of the economy which will take quite a while to re-align. Indeed, the supply and demand patterns are now experiencing serious disequilibrium.

It does not matter the industry because all are interdependent. It is clearly evident that marketing activities have been hard hit by the recent crises. It appears that it would be worthwhile to re-align business strategies to accommodate the changed market realities irrespective of size or type of business.

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