

COMMERCIALIZATION OF NON-PROFIT ORGANISATION
A CASE STUDY OF
FOOD RESEARCH INSTITUTE COMMERCIAL UNIT

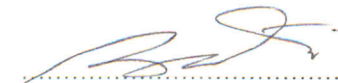
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MARKETING

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DECLARATION

I, Benedict Awotwi, do hereby declare that, except for references to other peoples' work which have been duly cited, this work is entirely my own original research and that this long essay has neither in part or in whole been presented for a Higher National Diploma elsewhere.



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This long essay has been submitted for Examination with my approval as Supervisor.



.....
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DEDICATION

I dedicate this work to my wife, Lynne Carol Lotsu and my children John and Charles Awotwi for their sacrifice.

ACKNOWLEDGEMENT

I am grateful to God for seeing me through this course. I wish to express my sincere gratitude to my supervisor, Mr. P.S. Barnor, for the necessary supervision in the course of writing this material.

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I am also thankful to Messrs Sammy Nyarkoh, Ben Sarbah and John Asigbey for their help in diverse ways. So do I thank Ms. Victoria Alambire for her special assistance too.

My overriding debt goes to my wife, Lynn Lotsu and my kids John and Charles Awotwi.

I therefore claim responsibility for everything contained in this work.

BENEDICT AWOTWI.

ABSTRACT

Food Research Institute is one of the Research Institutions under the Council for Scientific and Industrial Research. Its traditional role since its establishment in October, 1963 has been to carry out research into and advise on problems relating to food technology food, food industries and food marketing; to advise the Government on its food policy; and to do all such other things as appear to the academy to be relevant or conducive to the attainment of the objectives.

Food Research Institute has therefore developed a lot of products from some of its research findings. It offers services in the form of consultancy and has also set up a unit to turn out some products for the markets.

Though Food Research Institute is seen as a non-profit organisation, profitability appears to be obvious if marketing could be seen as a must in all the activities of the Institute.

Professor Kofi Yankah in his article captioned, "Marketing/PR Dept.- a must for all businesses in the People's Daily Graphic of February 12, 1992 Pg. 5; looks at the concept of marketing which never exist in most business houses or even if they existed, did not receive management support.

The analysis of the marketing strategy and tools employed by the Food Research Institute as a nonprofit organisation reveals that marketing activities can be identified. These activities are carried on without any serious attention and as such not labelled so.

The study, thus carefully analyses these marketing activities especially with the Food Research Institute Commercial Unit and concludes that, for more efficient operation, there is the need to adopt a definite marketing stand to challenge competition and this must be seen in the role of the marketing executive.

TABLE OF CONTENT

	PAGES
DECLARATION	
DEDICATION	
ACKNOWLEDGEMENT	
ABSTRACT	
CHAPTER ONE	
1.0 INTRODUCTION	1
1.1 Background to the Study	4
1.2 Problems Statement	5
1.3 Objective of the Study	6
1.4 Significance of the Study	6
1.5 Hypothesis	7
1.6 Methodology	7
1.7 Literature Review	7
1.7 Organisation of the Study	10
CHAPTER TWO	
2.0 CONCEPTS AND CHARACTERISTICS OF NON PROFIT MARKETING	11
2.1 Concepts of NPO Marketing	12
2.2 Marketing Mix Strategy of NPOs	17
CHAPTER THREE	
3.0 THE FOOD RESEARCH INSTITUTE: ITS ORGANIZATIONAL STRUCTURE AND PRODUCTS	28
3.1 Staff Strength	30
3.2 Organizational Structure	30
3.3 Food Research Institute Product Lines	33
3.4 Analysis of the FRI/CU: Its Operations and Marketing Activities	35
3.5 Situational analysis of the Commercial Unit	39
CHAPTER FOUR	
4.0 THE MEANING OF THE COMMERCIALISATION	49
4.1 The Role of the Commercial Executive	50
4.2 The Role of the Marketing Executive	51
4.3 The Alternative Road - What Should Be Done	52
CHAPTER FIVE	
5.0 SUMMARY OF FINDINGS	55
Conclusion	55

Recommendations	56
Appendix	58
Bibliography	69

CHAPTER ONE

1.0 INTRODUCTION

Marketing has been with us since the days of creation from the barter system to this present day where marketing plays an important role in every sphere of the economy of a nation. The term marketing connotes to most people a function peculiar to business firms and often seen as buying and selling. No doubt, a lady going to market to purchase items can be heard saying, "I am going to do marketing". Most people in the business firms see marketing as involving product development, pricing, distribution and communication. However, in recent times, other types of organisations have increased their activities to such an extent that they also require the same managerial skills as traditional business organisations.

These non business organisations have an increasing range of influence, which affect many livelihoods and occupy as much media prominence as many business firms. They like business firms are concerned about their "products" in the eyes of certain consumers and are seeking to find "tools" for furthering their acceptance.

Such organisations are better known as non-business or non profit organisations. The term non profit organisation refers to an organisation whose main purpose is other than making profits. They are more concerned with the achievements of durable social and cultural ends, and could be classified either as private or public/government. Examples of such non profit organisations are churches, political parties, universities and research institutions. For the purpose of this work, Food Research Institute would be used to illustrate the role of the marketing executive in a non profit public organisation.

A non-profit organisation has four major characteristics that call for special attention in applying marketing principles. These are:

- (a) Multiple objectives
- (b) Multiple publics
- (c) Goods and services and
- (d) Public scrutiny

(a) **Multiple Objectives**

Non profit organisations tend to have multiple objectives, thus making marketing decisions more difficult. For example Food Research Institute has many objectives embedded in a complex structure of programmes. This is because Food Research Institute has many projects being implemented by different agencies and departments and funded by government, non-governmental and international agencies in different sectors. As a result, it is more difficult to formulate strategies that will satisfy all the objectives effectively.

(b) **Multiple Publics**

Most non profit organisations have as their major publics their clients and funders which include the Government, non governmental, several international organisations, their suppliers, facilitators etc.

(c) **Service Producers**

Most non profit organisations produce services rather than goods. However, the Food Research Institute pilot plant at Okponglo gives the institute an advantage

of converting some of the research findings into products which are sold. The bulk of work done at FRI is the provision of services though it is extremely difficult to conceive of a pure service which is intangible, inseparable, variable and perishable.

(d) **Public Scrutiny**

Finally, non profit organisations are usually subject to high public scrutiny. This is because they provide public services and are subvented and mandated into existence and must therefore be able to justify its expenditure as well as any other activity. FRI is expected to operate in the interest of the public. They however, experience political and social pressures from various publics.

The characteristics of non profit organisations make it necessary for them to identify the specific marketing problems that they face so that appropriate strategies can be designed by the marketing executive to meet their objectives more effectively.

It is however, worth noting that FRI charges fees for her consultancy services and generates some income also from the sale of products produced at the pilot plant. A thorough study of these goods and services will ascertain their commercial viabilities.

1.1 **Background to the Study**

The Food Research Institute was established by the Government of Ghana on 1st October, 1963 and incorporated by legislative instrument No. 438 of 19th March, 1965 to

- (a) carry out research into and advise on problems relating to food technology, food

industries and food marketing.

- (b) advise the government on its food policy and
- (c) do all such other things as appear to the CSIR to be relevant or conducive to the attainment of all or any of the above.

By this mandate, FRI was to operate as a non-profit organisation. On the other hand, the changing trend in the economy has necessitated the need for nonprofit organisations like the FRI to generate some income with its available resources at her disposal to supplement the subvention from the Government. Furthermore, FRI has found itself capable of commercializing its products. At various exhibitions held notably at INDUTECH '86 in which the Institute had an award, Gifex, Inter Tourism and other food fairs, products from the institute attracted a lot of entrepreneurs and customers.

With the overgrowing population, there is the need to embark on marketing research to identify what should be produced in terms of goods and services, in what quantities and where to be distributed to achieve optimum satisfaction. The end result of the satisfaction will be the profits that will accrue from them.

The intervening years have witnessed significant progress in meeting various basic human needs including new development in food preservation, storage and utilization and man's consciousness in quantity and quality intake of food. The primary goal then envisaged for the decade was the attainment of curtailment of food losses and the commercialization process.

Strategies in providing these goods and services where each division of FRI sees itself independent are no more sustainable especially if marketing is not seen as a vital role. It is evident that 'doing business as usual' that is to say, using the same policies, strategies, resources allocation and implementation rates will not be helpful. The latter part of the 1990's should present opportunities to improve the well being of the institute through the provision and dissemination of right goods and services. This can be done by:

- (a) focusing on the opportunities and strengths of FRI and developing the right goods and services for the target groups.
- (b) communicating to the target groups of the products of the Institute and
- (c) seeing the role of the marketing executive as crucial in this process.

It is against this background that this study is being undertaken to:

- i. identify the marketing strategies, policies, procedures and activities of FRI in the selection and implementation of projects;
- ii. examine the marketing performance of FRI in a market environment;
- iii. determine problem areas and opportunities in implementing the programme and
- iv. draw conclusions about the programme which have policy implications.

1.2 Problems Statement

The Commercial Unit has been given a very low profile. Organisationally, there is no strong link between research and marketing activities of the institute. There is no marketing orientation at the institute let alone the Commercial unit. There is no professional marketer to initiate any marketing activity such as conducting marketing research to know the needs and desires of end users; segmentation and targetting of potential consumers.

There is also lack of pricing, distribution and promotional policies which can put the unit in any meaningful direction.

1.3 Objective of the Study

- (a) The objective of the study will give real meaning to commercialization not only to the commercial unit but to the institute as a whole in terms of its research activities.
- (b) It will also help the institute to benefit in terms of funds generation and also meet societal goals as well.

1.4 Significance of the Study

An examination of the marketing strategy of FRI as a non-profit organisation if properly executed, will hopefully be a useful tool to policy makers of FRI and other sister institutes under the CSIR. It will assist in formulating marketing strategies which will serve as a yard stick for commercialization. Again, it will help identify end-users before the development of the product or service. This is to say that a proper linkage between end-users would be established.

It will also be a resource material for students of the school of Business and Accountancy Studies - Accra Polytechnic.

1.5 Hypothesis

1. It is possible to identify marketing strategies in the activities of FRI
2. Application of marketing strategies in formulating policies would enable FRI to satisfy the needs of its target market.
3. Application of marketing strategies will give FRI competitive advantage position

within the marketing environment.

4. There is the possibility of FRI achieving 30% of its total budget upon commercialization.

1.6 Methodology

Information critical to assessing the organisation's marketing performance was obtained through interviews, reports, journals newspapers and periodicals. Data therefore consisted of both primary and secondary sources.

Interviews were conducted with FRI staff who are directly attached to projects and are responsible for the planning, monitoring and evaluation of projects. This therefore gave a small sample size that was purposely selected because of their knowledge and area of operation.

Data collected has been descriptively analysed since most of the information collected is qualitative in nature.

1.7 Literature Review

Kotler and Levy published an article in 1969 arguing that the marketing concept should be broadened to include non profit sector of society. Thus the broadening concept extended the marketing concept to non traditional exchange processes.

In their article, Kotler and Levy discussed the challenges and opportunities associated with one dimension of marketing's enlarged societal role, namely the utilization of marketing technology for non purposes. The authors contended that since all institutions inherently engage in market-like tasks, the relevant question for the non business organisation is not whether to use marketing or not, but whether to use it effectively or

ineffectively.

This broadening concept was met with many hostile and unfavourable attitude from many marketers. One of such marketers was Prof. Luck who in a rejoinder criticised Kotler and Levy's viewpoint for various reasons. He preferred to remain with the more traditional definition of marketing, one that insists on restricting marketing to business activities, regardless of what similar functions may go on in non business organisations. He suggested that an expanded definition be proposed to alleviate a guilt-feeling of marketers about the profit motive.

Kotler and Levy pointed out in another rejoinder that there were severe limitations associated with such a viewpoint. The first of these limitations is that students of marketing will deny their expertise to the most rapidly growing institutional sectors of the society. Secondly business marketing per se will forgo the enrichment that comes from examining the same processes practised in other context. If the current definition is not expanded, both business and non business marketing will be restricted in their growth.

Kotler and Levy take a fundamental position that market line activities take place in both non business and business organisations. Churches, Schools, museums etc. all engage in product development, pricing, distribution and communication to serve the needs of their customers.

These institutions seek to cultivate a long term relationship with well defined groups in much the same way that the modern business firms seek to develop loyal customers. They produce services designed to minister to various needs of their customers. In promoting themselves, they recognised that they are competing with other institutions to gain affectionate preference of their audience. They use such 'tools' as public relations, newsletters and personal salesmanship to create and sustain a fellowship.

There's very little difference between the marketing activities of business and non business organisations with only two possible exceptions. First, executives in non business organisations may be less conscious of engaging in marketing, but consciousness does not exist to prove that an activity is taking place. Many business organisations are not aware that they are engaged in marketing, and there are many non business organisations that are very conscious of the power of marketing.

Kotler and Levy emphasize that the crux of marketing has in a general idea of exchange rather than the narrower idea of market transaction. Exchange involves, two(or more) parties who voluntarily agree to enter into a 'trading' relationship. The trade may consist of one product for another, a product a service for a service, or a product/service for money. Each party enters into the exchange because he wants something other than he gives. Many non business organisations would benefit from a more conscious awareness and practice of the marketing concept. It may lead them to place their clients ahead of products/services and integrate their effort to develop relevant want-satisfaction. This will in turn help to remove research results from shelves to target markets especially with research institutions.

1.7 Organisation of the Study

Commercialisation of nonprofit organisation is clearly seen with an organisation like the FRI. Although the institute has a number of projects which are funded by different funders, it has set up a commercial unit to produce and market the products that are produced at the institute.

Chapter one introduced us to what NPOs are and what commercialisation is all about to NPOs. It focuses on what can be achieved should NPOs embark on policies that

see the role of marketing as paramount.

Chapter two tries to identify the structure and the marketing mix strategies of NPOs and the constraints they face.

The third and fourth chapters look at FRI as an NPO which is embarking on commercialization with the establishment of a CU and whether the activities of the CU really depicts a line of action for commercialization.

Finally, a working plan is proposed which when taken seriously in the formulating and implementation of policies, procedures strategies and tactics can help project the corporate image of the institute and achieve more than the 30% of the institute budget target:

CHAPTER TWO

NON PROFIT ORGANISATIONS

2.0 CONCEPTS AND CHARACTERISTICS OF NON PROFIT MARKETING

Marketing has become an important part of the operational environment of many successful NPO. Marketing in non profit organisation could be seen in four basic dimensions. These are;

(a) ***Person marketing***

This is the efforts designed to cultivate the attention, interest and preference of a target market towards a person or group of people for example sportsmen, economists, engineers. Performers and politicians are also marketed using a well-thought marketing strategy.

(b) ***Idea Marketing***

Refers to identification and marketing of a cause or social issue. This is usually directed to selected consumer market segments, for example, convincing people of the need and benefit of using condoms; of keeping their environment clean.

(c) ***Organisational Marketing***

This is intended to gain, alter or maintain acceptance of an organisations objectives and services eg. churches, schools, research institutions. Besides just

accepting the organisations goals, most organisations desire the target audience to seek the services of the organisation. The acceptance of goals, distribution of products and the encouragement of funding depend on the organisation's positive public image with the desired groups.

(d) ***Place Marketing***

The place marketing tries to attract attention and create a positive attitude towards a particular place example, a country, region neighbourhood, entertainment centre etc. The benefits and advantages of the location are extolled through advertisement, and personal selling. Image is quite important and all marketing activities bear an image received attention.

2.1 **Concepts of NPO Marketing**

Kotler outlines in concepts of NPO marketing. There are:

(a) ***Genuine Product Definition***

This talks about the need for a broader definition of its business as an NPO if they are to survive and grow. For example churches tended to define their product narrowly as providing religious services for members. Recently most of them have decided that their basic product is human fellowship.

(b) ***Target Group Definition.***

The organisation must define the target group carefully. For example FRI defines its target group as industrialists, investors and consumers who are particular about quality food.

(c) ***Differentiated Marketing***

This is necessary to be able to effectively offer the product in the market place. Eg. NPOs have recognised the advantage of treating clients and the various publics in different ways. These groups require different appeals and different frequencies of solicitation.

(d) ***Customer Behaviour Analysis***

The need to conduct formal research analysis into the needs and behaviour of customers, so as to offer appropriate services. Eg. research into the activities of some fund raising organisations could illustrate how an industry may benefit by replacing stereotypes of donors with others. Studies may show the various reasons why people contribute to causes. Research into fund raising will thus stress the importance of identifying the motives operating in the market place of giving as a basis for planning drives.

(e) ***Differentiated Advantages***

This refers to finding out different ways of reaching the target groups. An NPO should base its case on some dramatic value that competitive organisations lack. For example, the heart association can compete for funds against the cancer society by advertising the amazing strides made in heart research.

(f) ***Multiple Marketing Tools***

NPOs should find a variety of tools to reach their audiences. Business organisations use product improvement, advertising, salesmen incentives, sales

promotion etc. Thus a church can sustain the interest of its members through discussion groups, newsletters, news releases etc.

(g) ***Integrated Marketing Planning***

Multiplicity of available marketing tools suggests an overall co-ordination to ensure effectiveness. NPOs must develop a plan to integrate their marketing activities.

(h) ***Continuous Marketing Feedback***

Business organisations gather continuous information about changes in the environment and about their own performance through research. NPOs tend to be rather casual about collecting information on how they are doing and what is happening in the market place.

(i) ***Marketing Audit***

For an organisation to remain viable, its management must provide for periodic audits of its objectives, resources and opportunities. Organisations can grow set in their ways and unresponsive to new opportunities or problems. It must re-examine its basic target groups, differentiated advantage, communication channels and messages in the light of current trends and needs. It must recognise when a change is needed and move before it is too late.

Four key business concepts that provide the basis for marketing thought and action in the NPO's environment has also been identified by Benson Shapiro(1973) as follows:

1. The self interest aspect of the transaction or exchange, in which both the buyer and seller believe they are receiving greater value than they are giving up.
2. The marketing task which stresses the importance of satisfying customers needs.
3. The marketing mix elements of which are the tools used by marketers. These include advertising, public relations, channels of distribution, pricing and product policies.
4. The idea of distinctive competence in which the organisation concentrates on what it does best because doing so maximizes profits.

These concepts provide a basis for an effective marketing strategy in NPOs.

2.1.1 Characteristics of Nonprofit Marketing

One of the most important distinction between NPOs and profit oriented organisations is that, NPOs often market to multiple publics. This normally complicates the decision regarding the correct matching of markets to targets. NPOs tend to pursue several important objectives simultaneously rather than one. For example, it could be interested in population welfare, infrastructural development, institutional building etc.

For most NPOs, clients and funders pose the problem of resource allocation and resource attraction respectively. The NPOs must approach these two tasks separately, and the approach need not be the same. This could however, make the marketing task more complex.

A customer or service user may wield less control over the destiny of an NPO than would be true for a profit seeking firm. This is because, the NPOs usually offer to the

customer what he actually needs, and has very little choice of refusing the offer. NPOs thus, usually possess some degree of monopoly power in a given geographic area.

NPOs usually lack a "bottom line" overall profitability measure of performance. Profit seeking firms can measure profitability in terms of sales and revenue, while NPOs may attempt to maximise their return from specific, less exact goals such as service-level standards. These constitute the usual substitutes for an overall evaluation, and make it difficult to set marketing objectives that are aligned specifically with overall organisational goals.

There is usually a lack of clear organisational structure in NPOs. They often have multiple organisational structures. A hospital or a church for example might have an administrative structure, a profit oriented structure and a volunteer structure.

In NPOs, people donate time and money to accomplish marketing objectives. Exchanges are not the usual economic exchanges. In such exchanges, the partners are not economic buyers or sellers and yet each participates in the transaction and is better off as a result.

It must be noted that while some of these factors may also characterize profit seeking firms, they are particularly prevalent in NPOs. Both organisations focus on the consumer in arriving at marketing goals that are geared towards satisfying the needs and wants of the consumer. The table below gives some basic differences in nonprofit and profit-oriented marketing.

Table 1:

BASIC DIFFERENCES IN NON-PROFIT AND PROFIT-ORIENTED MARKETING

NONPROFIT MARKETING	PROFIT-ORIENTED MARKETING
Nonprofit marketing is concerned with organisation people, places, and ideas as well as products and services	Profit-oriented marketing is largely concerned with goods and services
Exchanges can be in the form of votes in return for better government or the use of a zip code in return for improved service and lower rate increase	Exchanges are generally in the form of cedis for goods and services
Objectives are more complex because success or failure cannot be measured strictly in financial terms	Objectives are generally stated in terms of sales, profits and recovery of cash
The benefits of non profit services are often not related to consumer payments	The benefits of profit oriented marketing are usually related to consumer payments
Nonprofit organisations may be expected or required to serve economically unfeasible market segments	Profit-oriented marketing seeks to serve only those market segments that are profitable
Nonprofit organisations typically have two constituencies; clients and donors	Profit-oriented marketing has one constituency clients.

2.2 Marketing Mix Strategy of NPOs

A successful marketing strategy must have a marketing mix as well as a target market for whom the marketing mix is prepared.

The strategy provides some guidelines for competitive warfare that will direct the actual activities of the organisation. It specifies a series of maneuvers designed to obtain a particular result; it is a blue print for:

1. making decisions on product or service
2. making decisions on price

3. making decisions on place or distribution
4. making decisions on promotion

These four ingredients also known as the controllable factors, are closely interrelated. The decision in one area affects action in the other. An organisation can achieve its marketing objectives by selecting and balancing the marketing mix programme in such a way that it fits the requirements of the market environmental forces, ie. the non-controllable factors too. A company can achieve its marketing objectives by selecting and balancing the marketing mix. However, in the service industries, there are other variables like the people factor and the physical environment which decisions will have to be made on them. These decision variables should be blended to serve the target market.

Product Policy

The product policy and strategy is the cornerstone of a marketing mix. Without a product, there is nothing to distribute, nothing to price and to promote. If a product fails to satisfy consumer demand, no additional cost on any of the other ingredients of the marketing mix will improve the product performance in the marketplace.

The product policy determines the product which an organisation offers and implicitly, the consumers to whom it will offer them. In an NPO, products are public in nature, because they often involve public expenditure and are concerned by society in general.

Marketers view products as the building blocks of a marketing plan and as such, good products are keys to market success. It is the vehicle by which an organisation provides consumer satisfaction; the engine that pulls the rest of the marketing programme.

Products fill in the needs of society and represent a bundle of expectations to consumers and society.

In profit organisations, marketers study the needs and wants of target buyers, determining their buying behaviour by studying their economic model (the buying power), psychological model (motivation, perception, learning, attitudes, personality), psychographies or life style, social and cultural influences on buyer behaviour and attempt to design products and services that meet their desires. If these products are well-designed and affordable, they will be purchased.

In NPOs, marketers also have to study their target markets and design appropriate products for them. They must "package" their products in a manner which customers find desirable and are willing to purchase.

Product design is more challenging in NPOs than in business area. Consider for example the problem of marketing personal health causes like non drug abuse or better nutrition or marketing social betterment causes like improved housing or better environment. In each case, the marketer must define the changes sought, which may be a change in values, beliefs or attitudes or some mixture which affect behaviour. He must meaningfully segment the target markets and design products for each market which are buyable and which instrumentally serve the social cause.

NPOs also engage in product innovation and product improvement. The innovative ability of a marketer is expressed in the watchword "innovate or die". Because of the purpose of creating a customer, any business enterprise have two and the only two basic functions: marketing and innovation. The process of product planning and development is always adopted for product innovation and this assures survival and growth especially when the organisation recognizes the competition they face from other organisations.

Thus over the years, churches have added a host of non-religious activities to their basic religious activities to satisfy members seeking other bases of human fellowship.

Universities keep updating their curricular and adding new student services in an attempt to make the educational experience relevant to the students. Research institutions keep on conducting research into other areas which have been neglected but very important for the survival of the society.

Pricing Policy

Price is a unique element in the marketing mix as it governs the very feasibility of any marketing programme and the only element in the mix accounting for demand and sales revenue. A right selling price is essential in a sound marketing mix. Right price can be determined through pricing research and by adopting the test market techniques. Pricing policy provides guidelines to the marketing executive to evolve appropriate pricing decisions.

Economists define price as the exchange value of a product which is expressed in terms of money. To the consumer, the price is an agreement between sellers and buyers concerning what each is to receive. It is the mechanism or device for translating into quantitative terms the perceived value of the product to the customer at a point of time.

The broadest definition of price (valuation) is used when developing non business marketing strategy. Financial price, an exact cedi or dollar value, may or may not be charged for a non business product. The traditional economic view of price means that if a non business organisation can convince someone to donate time to a cause or to change his/her behaviour, then the alternatives given up are a cost (opportunity cost) to the individual, and that is the price being paid.

In profit organisations, price links resource allocation to resource attraction. Organisations charge prices that exceed their cost and by so doing, attract more funds than it spends, thus creating profits. NPOs are concerned with developing affordable or reasonable prices and not for profit maximization.

Some NPOs charge nominal fees for their services, some charge fees equal to the cost and the organisation operates at a break-even point. Some welfare and charitable organisations cannot charge fees for their services because their primary purpose is to help those without the ability to pay.

Some NPOs directly exchange services for money; churches take collection, as for offering and charge annual dues; educational institutions charge tuition fees. All these are in fact prices. The intangibility of this pricing system is the thought that commitment makes a more willing client.

The marketers approach to seeing a social product is to consider how the rewards for buying the product can be increased relative to the cost or the costs reduced relative to the rewards or trying to find a mix of product, promotion, place and price that will simultaneously increase the rewards and reduce the costs.

The main point in pricing of nonprofit services is a careful thought in the manner in which manageable, desirable, gratifying and convenient solutions to a perceived need or problem are presented to potential buyers.

Promotion/Communication

Promotion in broad terms means to push forward or to advance an idea in such a way as to gain its acceptance and approval. It is a communicative activity which informs and persuades buyers to accept, resell, recommend or use the article, service or idea which is being promoted. The word communication which is derived from the Latin *communis* means "common" attempts to establish a "commonness" with another person. Three essential parts of communication are involved in the establishment of this commonness namely, the source, message and receiver. True communication takes place only when the message means the same thing (in common) to both the parties i.e., the sender of the message and its receiver. Marketing communication is undertaken by marketers through the devices of promotion viz., advertising and personal selling which are relevant to both resource attraction, publicity and sales promotion.

Fundraising depends heavily on advertising. Some organisations utilize general mass media due to its wide coverage and effectiveness. An example of this is the United Fund in Boston which received contributions from 400,000 donors in its 1971-72 campaign, largely through persuasive mass media advertising. Others use a more focused approach, believing that these appeals attract a particular segment of the donor population eg. some educational institutions emphasize on the alumni in fund raising.

Advertising can also focus on previous donors. This is helpful because past contributions are obviously a good potential pool. Some advertising also focus on segments of the population that are able to give more than average. Whatever the approach, advertising by nonprofit organisations must be designed to provide the donor with a reason to give.

In resource allocation, advertising is used in communicating to existing clients.

Such information can also be aimed at attracting new clients.

Personal Selling

This refers to oral presentation in conversation (by a sales representative) with one or more prospective customers for the purpose of making sales. It is primarily used in fund raising, especially when the audience is small and the message complex.

The following selling situations holds for Robert Louis Stevenson who aptly said, "Everyone lives by selling something:

College football coaches attempt to sell their university's athletic programmes to high school athletes; recruiters for the armed forces use personal selling to encourage people to enlist; employees within an organisation "sell" their supervisors on their ideas for corporate action; a marketing lecturer sells a student on the value of understanding marketing concepts and strategies.

Clearly, personal selling is related not only to the selling of good and services, but also to the selling of ideas, activities, and even feelings. The techniques of personal selling can be used by anyone in almost any situation and it is valuable in day-to-day living as it is in organisational marketing. No other tool of promotion is so strong as personal selling or salesmanship when it comes to convincing the prospect, closing a sale and transferring the title from seller to buyer. It is a highly distinctive and the only form of promotion involving face to face (direct) relationship or interpersonal interaction or communication between a salesperson and one or more prospective customers. It is therefore a two way rather than one-way communication. Under modern solution-centred salesmanship, a customer's needs are viewed as problems and problems cannot be properly solved until they are defined. It is said that if the problem of the prospect is well told, the goods become

more half sold. Under the communication process, we have two flows of information, viz.:

- (a) information about customer needs and wants yet to be satisfied and this is secured by the salesman from the prospect and
- (b) information about goods and services which is supplied by the salesman to the prospect.

Using personal selling, the message is tailored for a particular listener such as when large donations or funds are sought from a few people.

Publicity

Publicity is also called marketing public relations. It comes from news, reporters, columnists and journalists designed to bring favourable attention to a product, person, organisation, place or cause. It comes to the receiver as the truth and it is not controllable by the organisation. Every organisation tries to create a good public relations so as to give good publicity. An organisation with a poor public image will have lower sales and lower profits. However unlike advertising, publicity is not paid for and without explicitly indication of the source.

Sales Promotion

is an integral part of the marketing effort which refers to activities other than personal salesmanship, advertising and publicity which stimulate consumer purchasing and dealer effectiveness, eg. displays, exhibitions and showrooms. Demonstrations, free samples, coupons, premiums and various other non-recurrent selling efforts not in the ordinary routine.

The major goal of sales promotion is two fold to induce trial and increase usage.

Trial refers to the consumer's initial purchase and use of a product or brand. Later in the product life cycle, marketers want to repeat purchases by previous triers and by occasional users who can be induced to use the brand more frequently.

Various environmental groups, research institutions and consumerist groups rely heavily on setting up exhibition, demonstrations, passing out leaflets. Each of these promotional tools involves complex issues in strategy and tactics.

Distribution (Place)

Distribution involves the movement of products in all stages of development from resource procurement through manufacturing and on to final sales. In the profit oriented organisation, raw materials offer little satisfaction until they reach the hands of the producer and are turned into finished goods. From this standpoint, distribution can be seen as adding value or satisfaction to raw materials by moving them to the manufacturer, to intermediaries and finally to the ultimate consumer. Distribution therefore provides time and place utility-in other words, availability. When a product is located close to its potential buyers, the satisfaction it offers is enhanced.

Distribution also ensures that products are in the right place. Having the right product in the right place can help stimulate exchange. In profit organisations, distribution channels perform two functions. They provide location utility and information. They also offer ancillary services such as credit and post sales service. In NPOs, the importance of distribution channels is location which is relevant to resource attraction in the following ways:

- making donation easier
- providing a basis for local fund raising and operations

- providing credibility and showing the organisation's interest in the area.

Like businesses, NPOs must deliver the right products to the right people at the right time if the organisation is to accomplish its mission. NPOs have two fold distribution task. They must reach out first to donors and translate their motives into actions by delivering satisfaction for consumption.

Secondly, they must establish accessible outlets to deliver their products to intended beneficiaries.

Accessibility is a crucial factor for clients who need the products. It is often what allows NPOs to raise funds and demonstrate their value. In resource allocation, allocation enables potential clients in remote ethnic areas have access to the products the organisation is offering. For example, campaigns for immunization against certain diseases must be well located to serve the needs of the consuming public.

Effective distribution entails careful planning in selecting or developing appropriate outlets deciding on their numbers, average size and their locations.

Marketing Constraints faced by NPOs

Many types of criticism have been levelled at marketing. Marketing therefore is seen as not an end in itself. It is not the exclusive province of business management and must serve not only business but also the goals of consumers and the society. In effect, marketing programmes should not only assure adequate business profits but also meet societal goals as well.

However, with such marketing concept, profit and nonprofit organisations face numerous marketing constraints. In NPOs marketing is not given much prominence.

Marketing departments are not found in these organisations. There is also lack of adequate or qualified marketing staff. The skeleton staff in the NPOs also face logistics problems which make it difficult for them to work effectively.

The marketing mix variables NPOs are not well addressed to by the NPOs as marketing itself has very little place if any with such organisations.

Again NPOs have their funders or donors who generally dictate what needs to be produced. This might not be the immediate needs of the society and as such the product does not offer the required satisfaction expected.

CHAPTER THREE

3.0 THE FOOD RESEARCH INSTITUTE:

ITS ORGANIZATIONAL STRUCTURE AND PRODUCTS

The Food Research Institute was established by the Government of Ghana on 1st October, 1963 and was incorporated by Legislative Instrument No. 438 on 19th March, 1965 and became part of the Council for Scientific and Industrial Research in October, 1968.

FRI is located behind the Police Headquarter, 4th Rangoon Close Josif Broz Tito Avenue Accra.

MANDATE

FRI is mandated to carry out a coordinated programme of applied research in the processing, storage, preservation, marketing and utilization of foods with the aim of contributing towards the development and improvement of Ghana food industries; increasing agricultural productivity and also to advise the Government in planning and implementation of its food policy. The long term research programme of the institute covers:

1. Surveys of the food industries at all levels of development and organisation to determine the most appropriate location, size and organisation of food plants, costs and profit possibilities in relation to:
 - (a) economic operation of such plants
 - (b) local production of raw materials

- (c) essential imports
 - (d) supplies of labour, and
 - (e) markets where the processed food will be sold
2. Surveys concerning consumer demand (acceptability, low cost type of food packaging, degree of preparation etc.)
 3. Investigations involving the general nutritional needs of the people.
 4. Applied research through laboratory and pilot scale investigations into the processing, preservation, storage, marketing and utilization of the main vegetable and animal foods of the country with a view to producing new foods and improving non traditional ones.

With this mandate FRI is seen as a nonprofit organisation to offer services and ideas to the public. The institute has over the years been able to come out with research findings which have been converted into goods and are sold to generate revenue.

Recent developments as a result of increasing pressure on the national budget have called for FRI to generate some of its revenue through the commercialization of its research more aggressively than in the past. This calls for a departure from the traditional research role of generating and disseminating information. It is expected that FRI generates revenue to fill the funding gap for research. The resulting funding is expected to be filled from consultancy services, sale of products from the commercial unit, commissioned research and other similar sources as well as by funds from external sources such as DANIDA, World Bank, FAO, UNDP and UNIDO. The watchword at FRI is commercialization to generate about 30% of its recurrent expenditure.

3.1 Staff Strength

The institute has four grades of staff in the various divisions. These are: Research, Non research, Junior and Daily rated staff. The staff strength from 1992 to December 1994 with its breakdown is as follows:

Table II **Staff Strength from 1992 - 1994**

Categories	1992	1993	1994
1. Research Grade	36	36	34
2. Non Research Staff	39	38	39
3. Junior Staff	64	61	58
4. Monthly Rated	44	43	41
Total	183	178	172

Source: Annual Reports of Food Research Institute

Recruitment from time to time is determined by the divisional heads and this is done through the head of administration. However, much also depends on the divisional quota allowed by the Government.

3.2 Organizational Structure

The Institute is headed by a Director and assisted by a Deputy Director whose position is rotational among the various Principal Research Officers and is tenable for two

years. The affairs of the institute are administered by a Management Board, an administrative committee and Research Committee of Management. See the diagram on appendix A.

Divisions of the Institute

There are eight divisions in the Institute and each division is headed by a substantive divisional head. Apart from the head of Accounts, a divisional head is above the rank of a Research Officer.

These divisions are:

- i. Administration
- ii. Accounts
- iii. Information
- iv. Pilot Plant
- v. Analysis
- vi. Processing
- vii. Engineering
- viii. Food Economic and Utilization formerly Economics, Marketing and Consumption

Administration

This division caters for the secretarial, personnel establishment, estate and transport matters of the institute.

Accounts

The Accounts Division controls the expenditure and all financial transactions of the

institute. It prepares annual estimates, annual accounts and financial statements, and maintains books and documents involved in all the activities of the institute.

Scientific Information

It is concerned with the assembly, storage, retrieval of technical and non-technical information relevant to the work at the institute. It also maintains communication with food industries, institutions and the creation of public awareness of the institute's facilities, programmes and research results as well as communicating these to the staff of the institute.

Pilot Plant

It is located at Okponglo behind the Ghana Standards Board. It conducts pilot scale studies into products developed by the institute and also provides dehydration and other consultancy services to industries and the public.

Analysis Division

The division conducts analysis into the chemical and microbial composition of food for their safety. It also runs periodic training programmes for laboratory technicians in the food industry in "Basic Techniques in Basic Food Microbiology".

Processing Division

The division conducts applied research into the processing, preservation, packaging and storage of food as well as the development of new products from available raw materials.

Engineering Division

The Engineering Division is responsible for the development modification and testing of suitable machines for food processing. It also installs and repairs some equipments of the institute.

Food Economics and Utilization Division

This division was until recently known and called the Economics, Marketing and Consumption division. It is concerned with carrying out surveys and feasibility studies on the economic operation of plants: availability of raw materials and essential imports; plant/enterprise organisation, marketing and distribution outlets and systems. The division also carries out consumer demand ie. acceptability, price, presentation and wholesomeness, food consumption patterns as well as the introduction into the diet of unconventional materials.

Though the various divisions are integrated, it stands out clearly that the Food Economics and Utilization Division is a pivot for all activities. These activities must start with the division and end with the division. Thus, the division identifies the needs and wants of the users and translates them into goods and services that will satisfy the consumer profitably.

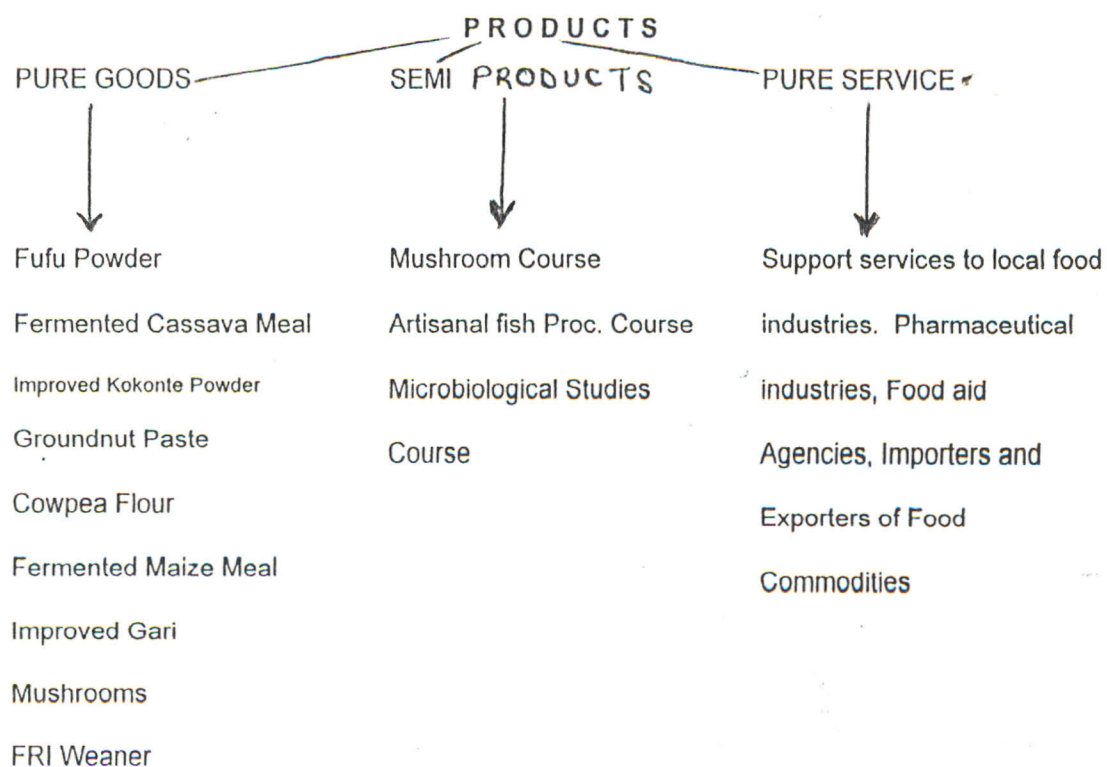
3.3 Food Research Institute Product Lines

Through research and development, Food Research Institute has come out with a number of product lines. Some of these goods are being produced and sold through the institute's own shop located at its premises.

In addition to these goods, the institute offers support services to local industries and runs training programmes in certain specialized fields.

The table below shows the range of products of Food Research Institute.

Table III Goods and Services at Food Research Institute



As mentioned earlier, it is expected that due to the increasing pressure on the national budget, Food Research Institute should generate some revenue from the sale of its products.

Customers for the institute's products

1. Consumers who are aware of FRI products
2. Ghana Food Distribution Corporation
3. Sasakawa Global 2,000
4. SGS Accra
5. Pioneer Food Cannery

6. Cadbury Ghana Ltd.
7. Cocoa Processing Co. Tema
8. Ghana Standards Board
9. Lever Brothers and many more.

From the look of the number of products the FRI has it is obvious that it has products that could satisfy consumers and their sales would generate the needed revenue from its activities. There is therefore the need to ascertain whether the revenue generation by these activities is anything substantial.

3.4 **Analysis of the FRI/CU: Its Operations and Marketing Activities**

The Commercial Unit was formed on 4th April, 1990 with a staff of eight which represent an average of 4.5% of the total staff strength of the Institute. They were drawn from various divisions within the institute. It started operation in May, 1990 at the FRI Pilot Plant - Okponglo.

This unit brought together the various products developed and produced by the sub units at the institute under one umbrella for effective monitoring and control.

Basically the need for this unit could be seen as having to satisfy two main objectives:

- a. generation of revenue to supplement the governments budgetary allocation and (this must be done through serious marketing of FRI products)
- b. to put on the market, some of the products that the institute has been able to develop (actually introducing the developed products, maintaining and sustaining the sales activities to satisfy market demand)

In fact, implementing those two objectives depend on building a structure of an organisation chart, that would satisfy the organisation, or take into consideration the system of operations that would coordinate an effective group work, to justify the total satisfaction of the organisation's work plan.

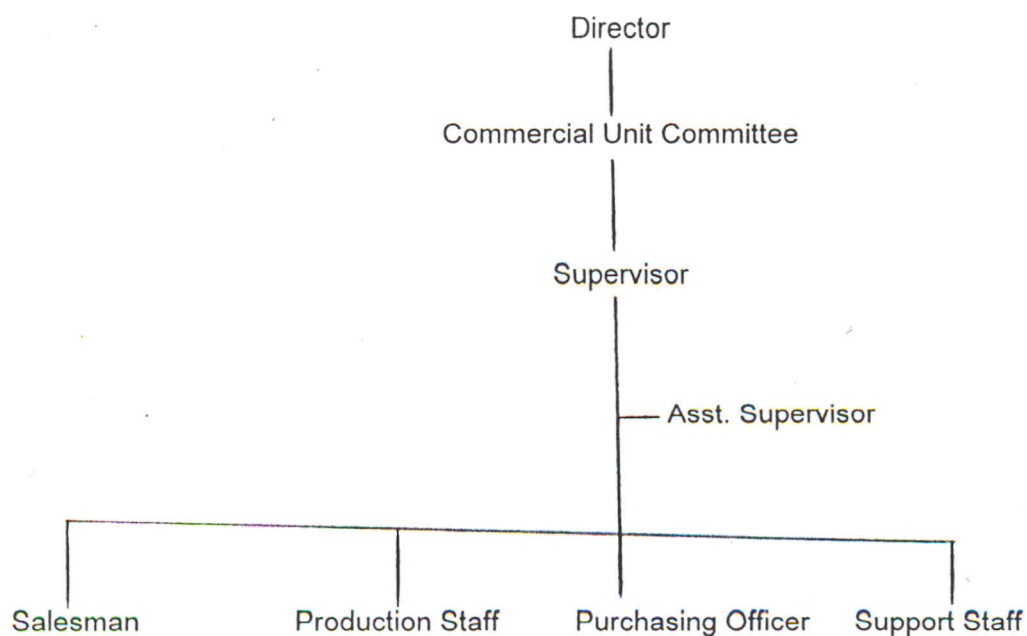
These, the structure, operations, work plan and marketing activities are therefore examined for suitability.

3.5 Structure

The Food Research Institute Commercial Unit is under the Director of the institute. The day to day administration is done through a Commercial Unit Committee. In other words, the Commercial Unit operates on Committee organisation. It is headed by a Unit Supervisor, and the operating staff include.

- 1 Supervisor
- 1 Assist. Supervisor in charge of marketing
- 1 Production Officer
- 1 Purchasing Officer on Part-time
- 1 Salesman
- 3 Support Staff

FIG. 1

Organisational Chart of the Commercial Unit***Operation***

The unit draws up a plan of activities at the beginning of each year. This plan indicates what products are to be produced and when they are to be produced within the year. This is usually altered especially when large orders for particular products are made.

For example if groundnut paste are to be produced the purchasing officer is informed by the supervisor to purchase the required as to the quantities of inputs for the product. Acquisition for money and transport to the product centre usually take two weeks for the raw materials to be purchased. After the raw material have been sent to the pilot plant the limited hands are then mobilised to do the selection of bad nuts before roasting. The roasted nuts are milled, allowed to cool and bagged in 500mg and sent to the institutes own shop at Food Research Institute to be sold.

There are certain times, when customers bring in their own orders to be produced for them. When this occurs, resources are shifted to the production of the customers specifications.

Marketing Activities

Not much marketing activities could be seen in the operation of the commercial unit and the institute as a whole. The orientation adopted has been product concept. This could be seen when we compare what the product concept is and what the marketing concept also holds. The marketing concept can be defined as a management orientation that holds that the key task of the organisation is to determine the needs and wants of the target markets and to adapt the organisation to delivering the described satisfactions more effectively and efficiently than its competitors.

The marketing concepts implies that business communicates with potential markets prior to taking new products or marketing mix decisions and incorporates feedback from existing markets into its decision making process. It accepts that there should be some degree of consumer sovereignty and that policy and decision making should be market sensitive.

Thus, the product concept must give way to marketing concept if the whole FRI institute vis-a-vis the Commercial Unit is to be seen as a business entity.

The Product Versus Marketing Concept

The product concept which the FRI currently practising holds that consumers will favour those products that offer the most quality or performance. Managers in product-oriented organisations focus their energy on making good products and improving them

overtime. ¹This is the concept which FRI as an organization has adopted. This means the designing and coming out with a product of a very high quality that has not identified the needs or wants of the end user. The concept does not give room for what price mechanism should be adopted or where the product could be purchased let alone communicating this to the end user using the best promotional approach. This, infact is what the commercial unit has been doing. And as such can not produce to break even.

On the other hand, the marketing concept holds that the key to achieving organisational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors.²

3.2 **Situational analysis of the Commercial Unit**

The situational analysis looks at the strengths, weaknesses, opportunities and threats, otherwise known as the SWOTS of the unit. A critical analysis of these areas will help us size up the firm or organisation's internal strengths and weaknesses and external opportunities and threats of the Unit. It would also help us come out with appropriate strategies for viable commercialization.

Strengths and Weaknesses

The Commercial Unit can boast of the following strengths.

- a. Availability of (expertise in the area of) research scientists.
- b. Basic infrastructure and equipments
- c. Abundance of research findings which can be implemented at will
- d. Proven track record for high quality results both nationally and internationally
- e. Products of the unit are well thought of by buyers as safe and the best

The unit however, has these weaknesses which need to be examined.

- a. Marketing principles completely absent in its operations
- b. Marketing orientation for the staff has not taken off yet.
- c. Purchases of raw materials are made from the open market in small quantities
- d. Delay in securing operational funds
- e. Lack of personnel motivation, and training
- f. Weak market image
- g. More potential product for production but with the skeletal staff
- h. Inadequate of distribution network
- i. Weak organisational financial background
- j. Higher overall unit cost of production
- k. Lack of purposeful clear direction
- l. Production and sales sections all combined

Opportunities and Threats

The following opportunities have been identified which could give the unit a real chance of success if well exploited:

- a. The increasing population growth of the country
- b. Health consciousness of the people especially in the cities
- c. The mandate to the institute to generate 30% of total subvention
- d. Research will be consumer oriented
- e. The chance to be more competitive and greater awareness
- f. More training facilities for staff making them more competent
- g. New areas in the food industry which have not been exploited.

However, the Commercial Unit Faces these external threats.

- a. Expectation of the public to sell underpriced products
- b. Competition from other organisations who are more business conscious.
- c. The long standing tradition of Food Research Institute will affect the change.
- d. Loss of skilled and experienced research personnel who will back the commercial unit.
- e. Slower market growth

The Commercial unit which has eight members of staff ie. is seen as a business unit. The unit number produces and sells four products through the unit's own kiosk located at Food Research Institute. The Director of the Institute is responsible for the performance of the unit through a commercial Unit supervisory committee. The Commercial Unit is organized on a Committee basis. It is headed by the Unit Supervisor stationed at Okponglo. Analysis of the SWOT and the questionnaires show that the skeletal staff for the operation of the unit do not allow any meaningful commercial operation. This accounts for low production figures as stated in table V: refer also to appendix B

Purchases for the Unit's Operation

The unit which is product oriented, produces four main products. These are (a) Cowpea flour, (b) Groundnut Paste, (c) Fermented Maize Meal and (d) Instand Fufu.

With the exception of cowpea flour, purchases for the production of the main raw materials for the rest are made by the Purchasing Officer to the Unit on the open markets in Accra. These purchases are made as and when a particular product is to be produced. Release of funds and transport to purchase and transport the raw materials to the

processing site at Okponglo may take between two to three weeks. As a result, prices for the raw materials fluctuate very often as can be seen in the table below.

Table IV.

Quarterly Prices of Raw Materials from 1992-1994(¢'000)

Product	1992					1993					1994				
	1	2	3	4	X	1	2	3	4	X	1	2	3	4	X
Cowpea	16	16	16	27	18.75	27	27	27	27	27	27	27	27	27	27
Garden nut	28.14	33	36.25	32.25	32.44	36.15	37.6	54.33	47.48	43.88	39.17	45.1	48.33	52	46.1
Maize	11.08	91.2	14	12	11.55	12	16	15	15	14.5	14	15	16	18	15.7

Source: Commercial Unit's quarterly reports.

A graphical representation of the price fluctuation is seen in Appendix B.²

Production

Annual production figures for the four main products have relatively been low. This could be attributed to three main reasons namely:

- (a) Weak financial base of the unit
- (b) Skeletal staff of the unit and
- (c) Inadequate sales outlet.

The table below shows the annual production figures from 1992-1994.

Table V.

ANNUAL PRODUCTION FIGURES FROM 1992 - 1994

PRODUCT	1992		1993		1994	
	KG	%	KG	%	KG	%
Cowpea Flour	1675.0	17.87	850	7.78	275	2.73
G'dnut Paste	5046.0	53.85	5046	46.18	4176	41.52
Fer. Maize Meal	2650.0	28.28	4150	37.98	3200	31.81
Fufu	-	-	880	8.06	2408	23.94
TOTAL	9371.0	100	10926	100	10059	100

Source: Commercial Unit's annual reports

Refer also to appendix 3 for a graphical presentation.

Again, none of the staff working under this unit has had training in marketing. For this reason, consideration were not given to business analysis, product development programme and test marketing of the products. The lower production figures also meant higher unit cost and this can also be seen from the table of some prices from supermarkets in Accra.

From the table, groundnut paste could be seen to have a higher percentage contribution though in a declining form. From 53.85% in 1992, 46.18% in 1993, and 41.52% in 1994. This is evident from the fact that Fufu was not produced in 1992. And as the percentage production level of Fufu increases that of the groundnut paste decreases because the very people on one product are mobilized to produce the others.

Pricing

Pricing of the unit's product have been the cost plus pricing policy which do not take into accounts the salaries of the staff involved. This approach could neither be said to be a penetration strategy nor a skimming strategy. This is because at the prices which the unit does not break-even, out of twenty consumers interviewed, eighteen representing 90% of

the consumers complained of high prices for the unit's products.

A survey at six selected supermarkets in Accra revealed that retail prices at these shops were the same as the ex-factory prices of the unit's products. Table VI below gives the prices of the shops visited and their retail prices compared to the ex-factory prices of the unit's products.

All the consumers interviewed also complained of no discount or allowances given even if purchases are made in bulk.

Table VI

Retail Prices from Supermarkets and that of FRI/CU - 1994

SHOP	LOCATION	PRODUCT	PRODUCER	PRICE
	OTHER SHOPS AND PRICES			
KWATSON	OSU	G'NUT PASTE	ERMAKS	1,500/500gm
"	"	INSTANT FUFU	TOPIWAY-USA	4500/500gm
"	"	"	GRACEM	4000/500gm*
AFRIDOM	"	G'NUT PASTE	ERMAKS	1500/500gm
MULTI STORES	HIGH STREET	"	BROWNLABEL	1600/500gm
"	"	"	SEFAM	1000/500gm*
UTC	ADJABENG	INSTANT FUFU	TOPIWAY	4500/500gm
ROSE PLAZA	NEW TIMES	G'NUT PASTE	SEFAM	1000/500gm*
KINGSWAY	KOTOBABI	"	ERMAKS	1500/500gm
		"	ERMAKS	1500/500gm
FRI/COMMERCIAL	FRI	INSTANT FUFU	TOPIWAY	4500/500gm
UNIT KIOSK		INSTANT FUFU	GRACEM	4000/500gm*
		G'NUT PASTE	FRI	4000/500gm*
		"	FRI	1500/500gm
		"	FRI	1200/500gm*

Sales/Distribution

In the area of distribution, the distribution outlets are inadequate. The unit sells its products through its own kiosk located in an enclosed place at the food Research Institute.

There is one salesman without an assistant who keeps the kiosk. Unfortunately the periods that consumers come to buy are during lunch break and after 4.00pm which is closing time at Food Research Institute.

There are no sales outlets even within Accra and customers come from within and outside Accra to purchase products at the Institute. Twelve out of twenty representing 60% of the consumers interviewed expressed disappointment in travelling to Food Research Institute to purchase products only to be told stocks are finished.

*Packages are in satchets

Again because of lack of other sales outlets, a bag of groundnut processed into paste which gives a yield of 65kg of groundnut paste takes an average of one week to be sold. Sales revenue from the Commercial Unit has therefore been very low and returns cannot breakeven.

The table below gives the sales turnover from the Unit's operation from 1992-1994.

Refer also to appendix C for the sales trend from 1992-1994.

Table VII

ANNUAL SALES REVENUE FROM 1992-1994

PRODUCT	1992		1993		1994	
	¢	%	¢	%	¢	%
Cowpea Flour	646500	15.03	1,535,600	25.49	321,500	3.09
G'dnut Paste	2832,950	65.86	2,983,400	49.52	3,789,200	36.40
Fer Maize Meal	821,950	19.11	1,170,100	19.42	2,284,000	21.94
Fufu	-	-	336,000	5.58	4,014,800	38.57
TOTAL	4,301,400	100	6,025,100	100	10,409,500	100

The turnover as we see is a reflection of the present capability of the unit. The revenue generated for each year could not cover all the expenses such as salaries and administrative expresses.

Promotion

This must be understood as any technique that persuasively communicates favourable information about a seller's products to potential buyers, either directly or through others who can influence purchase decisions. Promotion informs, persuades and reminds.

A product may have a fair price and could be at the right place. People will not buy the product if they have not heard of it and they are simply unaware of its existence.

Promoting the products of the unit has virtually been non-existent as every effort to promote was an informal mixture of different activities.

The table below illustrates how customers interviewed got to know of the unit's products.

Table VII.

PROMOTION TECHNIQUES

Promotion Mix	No. of respondents	% of respondents
Advertising	-	-
Personal Selling	-	-
Publicity	4	20
Sales promotion	6	30
Others: Word of mouth	10	50
Grand Total	20	100

50% of the respondents interviewed were informed of the unit's products by word of mouth

from friends or relations. Sales promotion which accounted for 30% was a result of the unit's participation at Trade Fairs and Exhibitions. Advertising and personal selling which would have changed a state of unawareness of the unit's products to awareness and to higher demand for the unit's products are non existent.

1. Charles D. Schewe, Marketing, Principles and Strategies P. 485.

CHAPTER FOUR

4.0 THE MEANING OF THE COMMERCIALISATION

A survey of national policies towards Research and Development Institutions clearly shows that various governments still favour and encourage research activities but strongly suggest that these institutions have to place more emphasis on generating income to supplement the subvention they get from the state¹. This has resulted in the setting up of commercial sections in some R & D institutions such as the Federal Institute of Industrial Research at Oshodi Nigeria; the Institute de Technologie Alimentaire (ITA), Senegal; the Institute of Animal Research, (IRZ), Cameroon². Food Research Institute has also set up a commercial unit to go into the commercialization of products that have been developed at the institute.

The question one needs to ask is, 'What is commercialization? To the marketer, it is the final decision made for full scale production and distribution to the target market. This means that, products and their attributes and satisfaction would have been tested to choose the best product among the alternatives that would enable actual production for profit. The product then is subjected to serious business analysis which will prove the soundness and viability of the selected product from business view point. The proposed product must offer a realistic profit objective.

The product development follows and a test marketing is carried out to find out the viability of full marketing programme for wider distribution. A test marketing is necessary for testing the effectiveness of all the ingredients of the marketing mix.

¹Focus on African Industry Vol. 4, No. 2 December, 1991.

²ibid

After a successful test marketing, a full-fledged advertising and promotion campaign is launched. Mass production starts and all distribution channels are duly organised to sell to consumers. It is this latter stage which is known as commercialization.

4.1 The Role of the Commercial Executive

Marketing, we say is a managerial function and as such the Commercial Executive must be seen always playing the role of a manager.

Figure II

Functional Areas of Commercialization

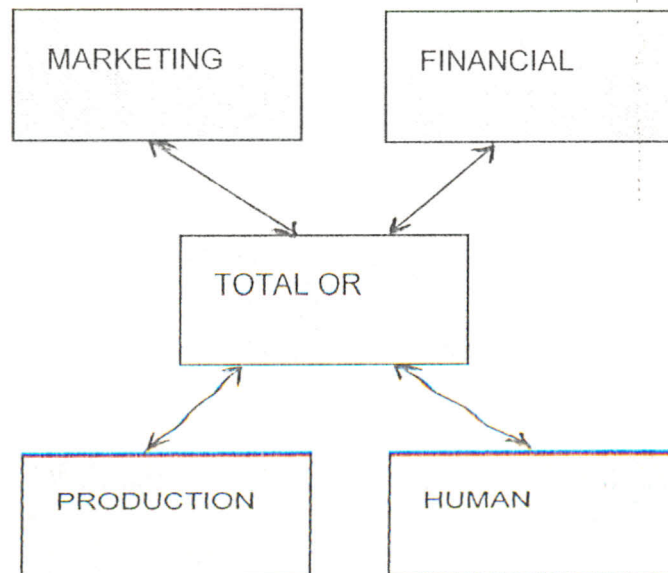


Figure II illustrates how all the various functions work to achieve a total corporate objective.

The Commercial Executive's role in the diagram must be seen as very vital. This is because budgets are made based on the expected income generated by his department. He has to maintain information based on research, sales reports and market intelligence. This information will enable the production department to produce the right products at the right price at the right time. His information will also enable the financial director to raise funds and invest in the production and anticipate a satisfactory return and human resources to employ less people or recruit more productive hands.

In brief the Commercial executive is responsible for forecasting marketing needs or wants; discussing with production department whether these wants or needs can be satisfied at a profit. He plans the communication, promotion and distribution strategies which will best satisfy the market and organisation's policy economically and profitably.

The Commercial executive sees the consumer as king and so in order to sell his finished products successfully, he gathers vital marketing information about what, how, where and when they want these products. He delves deep not only into the economic and social factors but also the psychological factors that affect consumer demand.

4.2 The Role of the Marketing Executive

The success or failure of an enterprise depends on public demand for whatever it has to offer. It is by this that the role of a marketing executive or manager ought to be evaluated. In order to properly define the role of the marketing manager to enhance his efficiency and effectiveness, one would need to understand the conceptual foundations of

business theory. We need to ask ourselves: "What is the purpose of any business?"

To the marketing executive, it is to produce or to offer a service in order to satisfy needs and wants of society. Once this purpose is seriously pursued, the realisation of profit becomes automatic.

The role of a marketing executive is defined in terms of action that can be done towards making a product or service wanted by society possibly available; or simply put, to create a product or service to satisfy a customer. This would basically involve the following:

- a. Finding out what the customers want
- b. Planning and developing a product or service that will satisfy those needs and wants and
- c. Determining the best way to price, promote and distribute that product or service effectively.

This process means that the marketing executive in an organisation must necessarily play an important role in corporate strategic planning and this role should also be introduced at the beginning rather than at the end of the production cycle. In this way, marketing can be intergrated into each stage of the operations and can influence all short and long range company policies.

4.3 The Alternative Road - What Should Be Done

The commercial unit should be restructured and organised to operate as a commercial venture. This entails having a marketing department headed by a marketing manager. This Department should be separated from the production department.

The marketing manager should be responsible to the director. For the unit to realize

the full benefits of the marketing concept, the marketing activities of the organisation must be totally co-ordinated. The activities of this requires that all marketing activities should be centralized in this department. This department will then be organisationally co-ordinated by the Director to give the cohesiveness required with other major departments eg. Production, Finance and Administration to achieve the required objectives.

The idea of organising a Marketing Department is to develop an organisational framework which will be appropriate to implement the marketing concept. It will, therefore, not only differ from one organisation to the other but it will, even within one organisation, remain dynamic and not static.

First, there is the need for internal marketing to defreeze the staff in the commercial unit and refreeze them to understand the need for commercialization.

The restructuring should look at the human resources development programme. At the moment, the eight member staff for the unit for both the production and selling of the products is not adequate. There is the need to recruit more staff in the production and marketing departments.

There would be the need to carry out internal and external marketing training which will entail seminars and training to the staff namely the customer - contact employees and supporting service personnel to work as a team to provide customer satisfaction.

Secondly, a marketing research programme should be planned to identify the market, know potential customers needs, how they need them, and where they are located. In fact, it will help come out with appropriate marketing strategies for the market.

"Doing too many things is not always a good idea - no matter how much better you think you can do them than someone else. This means that the unit should carry out product/market portfolio analysis to determine which products to produce in commercial

quantities that can bring in more money and production at a lower unit cost for the products. Producing in commercial quantities will also mean that appropriate distribution as well as pricing policies would have to be formulated. These would lead to segmenting the market to enable one meet each segment's particular needs and carry out the right communication mix.

CHAPTER FIVE

SUMMARY OF FINDINGS

CONCLUSION

An organisation whether profit or non-profit can best serve the interest of the society when the needs and wants of the target groups have been identified and satisfied. This is best achieved through marketing research which will produce the information needed to analyse the marketing mix variables and produce the best marketing strategies that will help the goals of the organisation to be achieved.

Food Research Institute as a non profit organisation should now understand that the Government of Ghana cannot forever sustain all the activities of the institute. The traditional role of the institute which has made it non profit and a product oriented organisation can now think of generating income through commercialization of its products.

This has led to the establishment of a unit known as the commercial unit. This unit made up of eight staff produces Cowpea flour, Groundnut paste, Fermented Maize Meal and fufu Powders and sells them through its own kiosk at Food Research Institute. Other set backs of the unit is the bureaucratic manner of funds acquisition for inputs; high production cost as a result of low productivity.

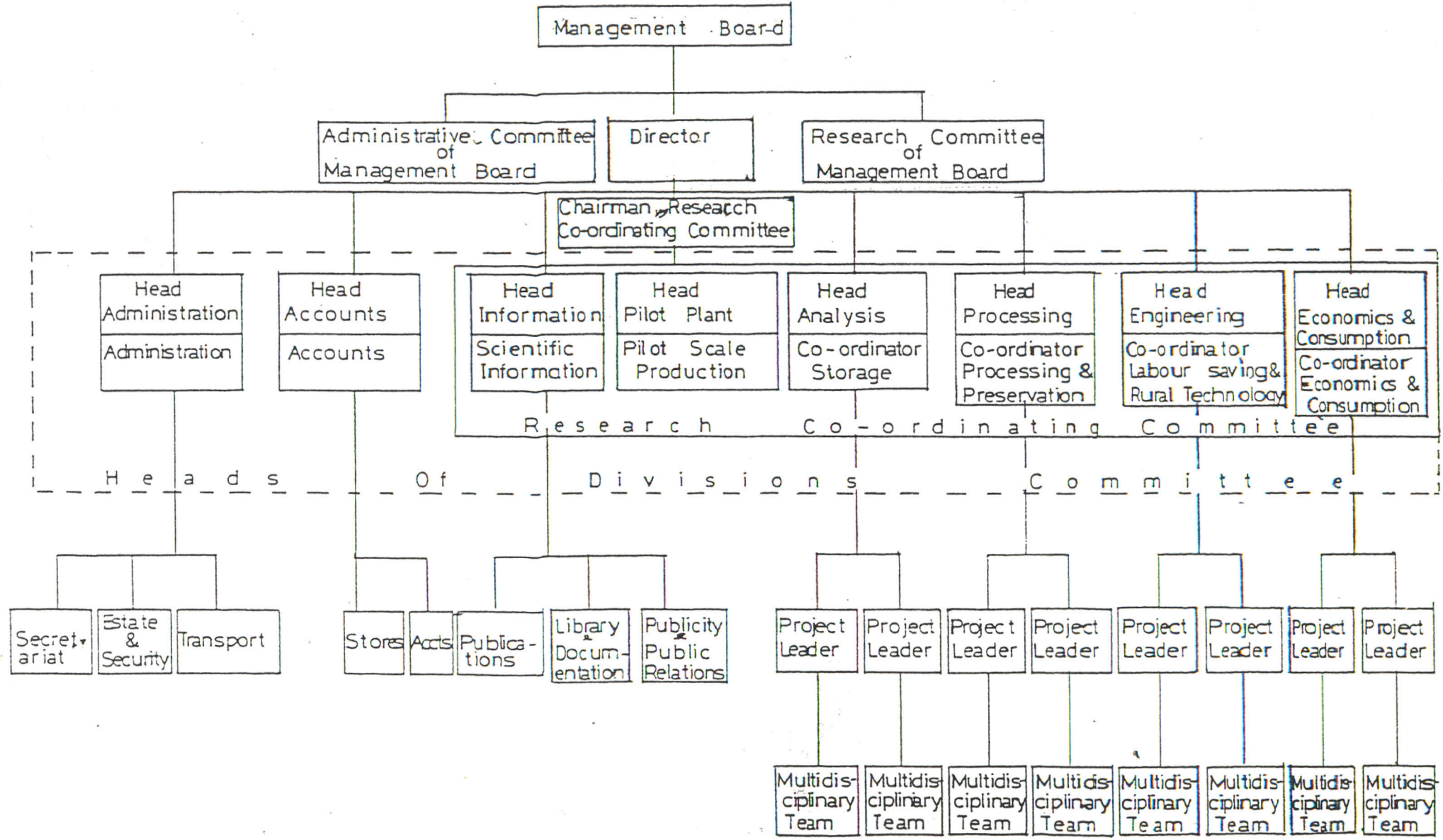
In the case of private firms, the major goal is profit; in the case of non profit and public organisations, it is surviving and attracting enough funds to perform their work. Now the key is not to aim for profits as such, but to achieve them as a by product of doing the job well. This is where Food Research Institute and to be more precise. the commercial unit should see itself. But this could be made possible by a marketer developing marketing strategies to make the unit commercially viable.

RECOMMENDATIONS

For the unit to be seen as a business entity, the following recommendations are made:

1. There must be a marketing department set up not only for the unit, but the whole institute to oversee the areas where they can commercialize. This Department should be separated from the Production Department.
2. The marketing Department must have a marketing manager who should be responsible to the director of the institute.
3. Because the Department is the arm that brings revenue, the staff there must be motivated.
4. As a customer-focus centre, the department must be well equipped with modern furniture, carpet, a 24 hour telephone services or mobitel and a vehicle
5. Internal marketing to transform the traditional role of doing business (the product concept) to a customer focused (marketing concept) where consumer satisfaction becomes the pivot for an organisation's goal.
6. It is further recommended that more distribution outlets be established.
7. Finally, looking at the SWOT of the institute and the unit in particular, it is possible to generate enough funds to make the institute self sufficient in financial terms if marketing is given a place to thrive in the quest for commercialization.

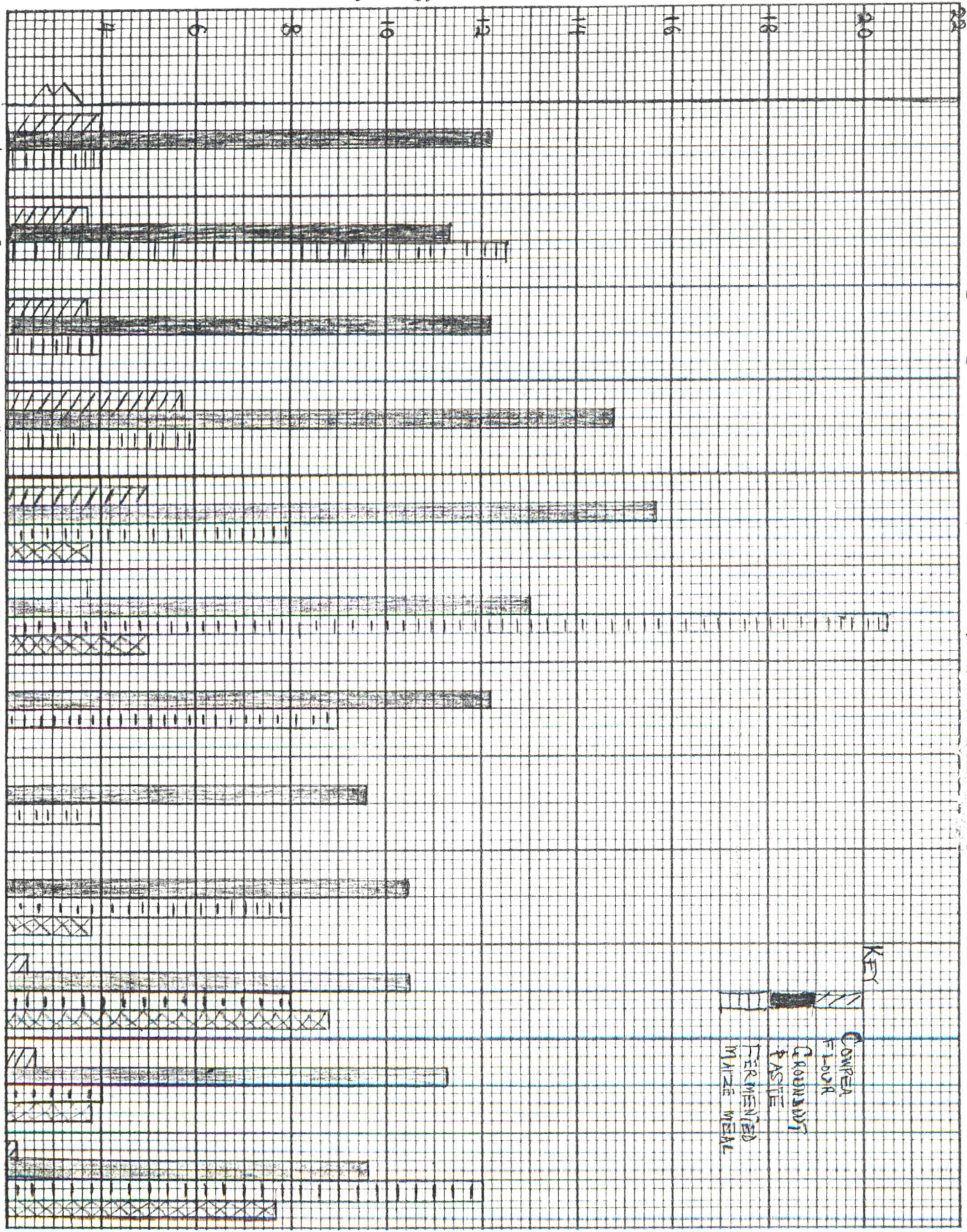
FOOD RESEARCH INSTITUTE SYSTEM FOR RESEARCH & DEVELOPMENT MANAGEMENT



APPENDIX B

QUARTERLY PRODUCTION FIGURES FOR COMBEA FLOUR, CRUD PASTE, FERMENTED MAIZE MEAL FROM 1992 - 1994

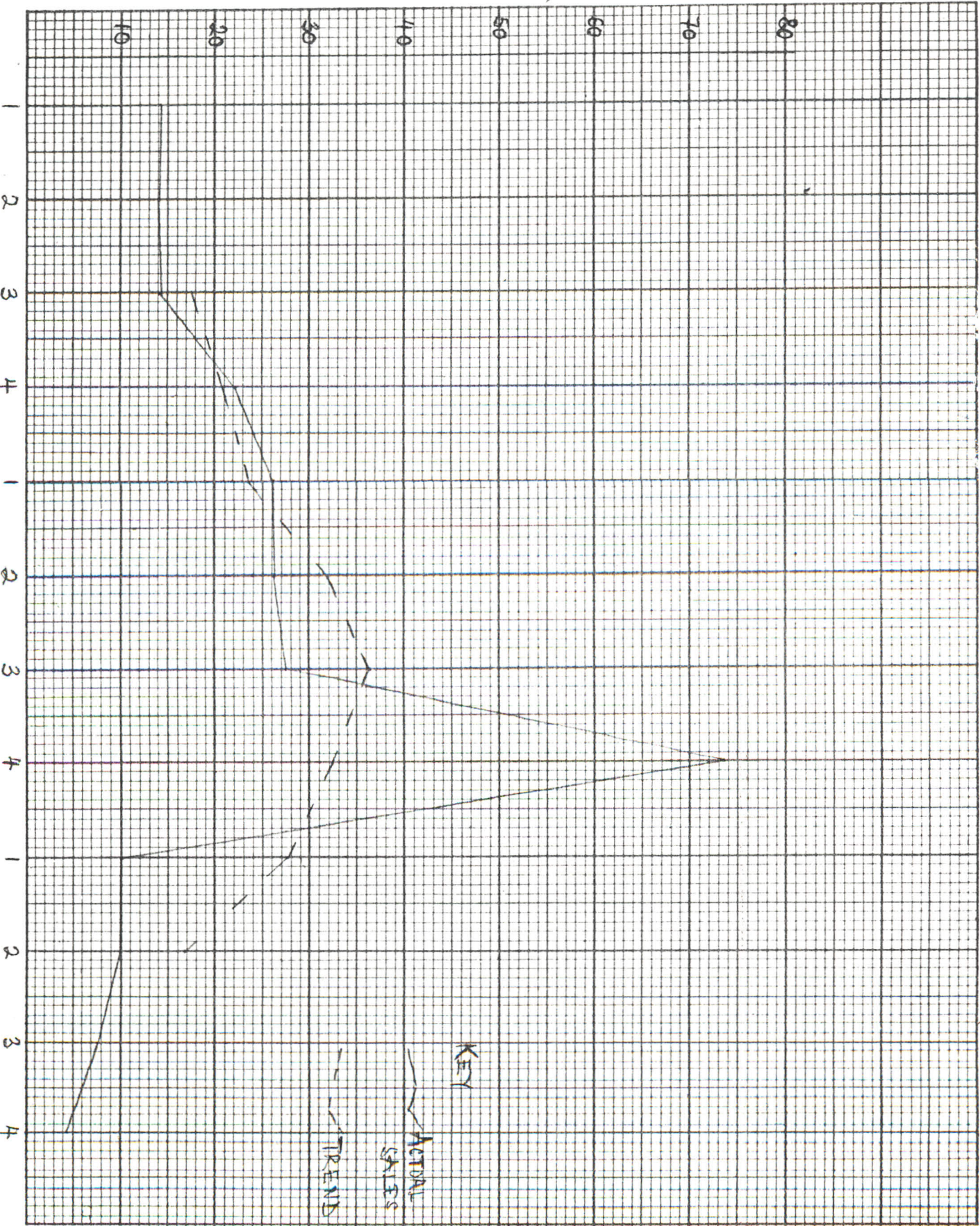
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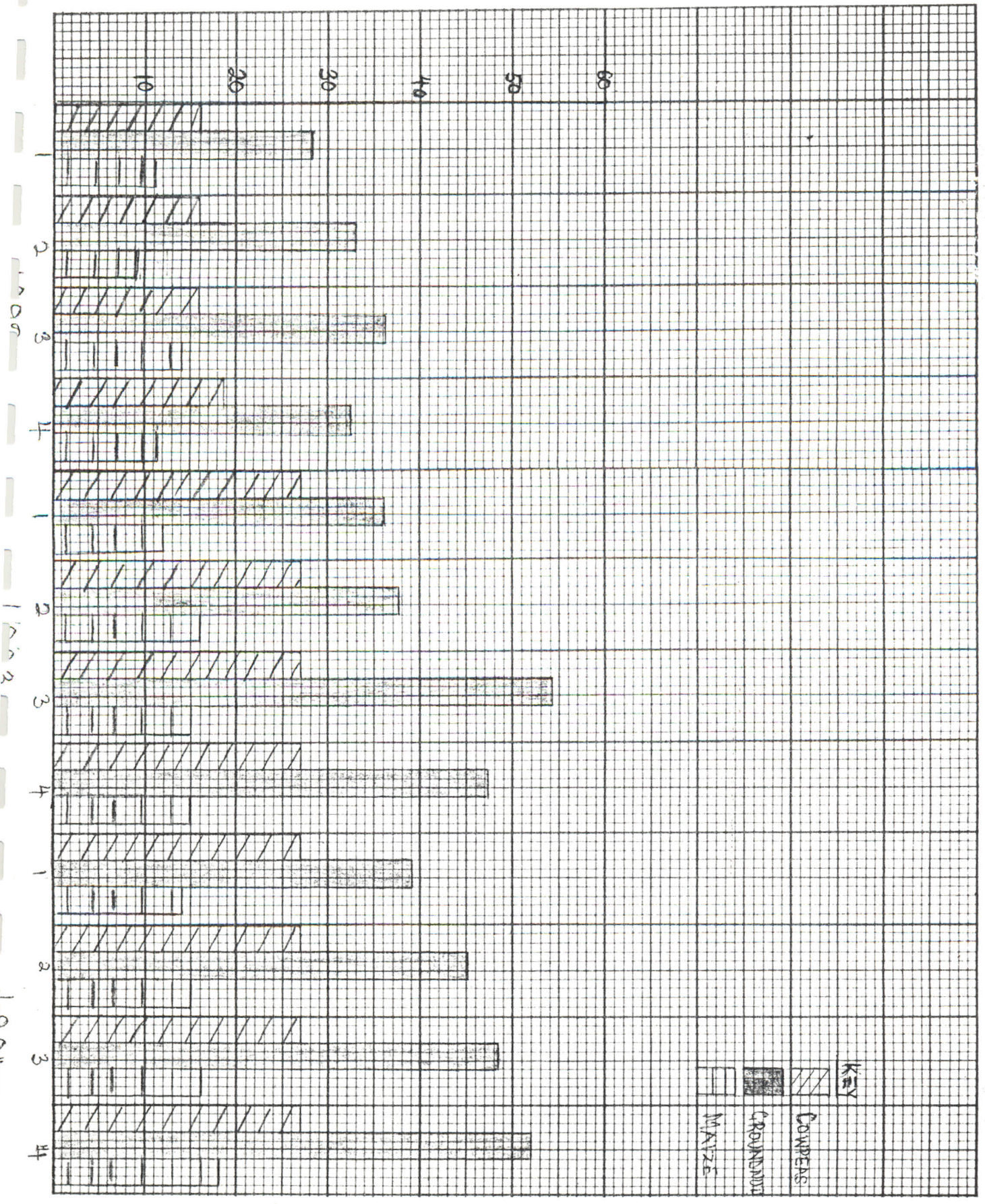
KEY
 COMBEA FLOUR
 CRUD PASTE
 FERMENTED MAIZE MEAL

Appendix C COMPEA FLOOR SALES BY FRIDAY 1992 - 1994

($\phi 0,000$)



APPENDIX D QUARTERLY PRICES OF COMPEAS, GROUNDDOTS & MAIZE PER MUMU BAG



天型
 COMPEAS
 GROUNDDOTS
 MAIZE

1991

1992

1993

1994

APPENDIX E

A STUDY OF THE FRI/COMMERCIAL UNIT
QUESTIONNAIRE- PILOT PLANT

1. Name of Interviewer.....
2. Date:.....
3. Person being interviewed.....
4. Sex:..... Marital Status:..... Age:.....
5. Occupation:.....
6. Place of work/location:.....
7. How long have you been working for the C.U?.....
8. Did you have any previous experience working in a commercial enterprise? Yes/No.
- 8b. If yes, state the type of enterprise.....

A. PRODUCTS

9. List the products you produce for sale in order of their
f r e q u e n c y i n
production.....
.....
10. How often and quantity do you produce each of the products in a month?

Products	Frequency/Month	Quantity

11. Do you intend increasing your production levels? Yes/No
- 11b. If yes, by how much:
- 11c. If no, why?
-
12. What is your staff strength:
- 12b. Are they enough for the workload? Yes/No
- 12c. If no, how many additional hands do you require:
13. Are the staff given any special training to work in a commercial Unit? Yes/No.
14. Do you sometimes work beyond the normal working period? Yes/No.
- 14b. If yes, do you motivate them? Yes/No.
- 14c. What type of motivation do you give them?
-
15. How many sections do you have in the Commercial Unit?
16. Do you have a marketing section? Yes/No.
- 16b. If yes, how many people do you have in this section?
-

17. Briefly describe the work they do?

.....

18. Do you have adequate equipments at your disposal for the various operations? Yes/No

18b. If no, what additional equipments do you require?

Equipments	Quantity
a.	
b.	

B. PRICING

19. Do you have any pricing policy for your products? Yes/No.

19b. If yes, what are they?

19c. If no, how do you price your products?

.....

20. Do you compare your prices to competitors prices? Yes/No.

20b. If yes, how do you find your prices compared to competitor's prices?

.....

21. How often do change your price?.....

22. Do you give allowances discounts to your customers? Yes/No

C. DISTRIBUTION

23. How many sales outlets do you have?.....

24. Are they enough to handle your merchandise? Yes?No.

25. Where are they located:.....
.....

26. How often do you supply your sales outlets?

27. Do you send the products to them or they lift them from your
end?.....
.....

28. Do you have a satisfactory arrangements with your
distributors?.....
.....

D. PROMOTION

29. Do you embark on any promotional activity? Yes/No.

29b. If yes, what promotional activities do you often embark
upon?.....
.....

29c. How often do you embark on these activites?.....
.....

30. Which of the activities do you find most effective?.....
.....

31. If question 29 is no, why don't you embark on any promotional
activity?

32. How then, do you communicate your products to the target
markets?.....
.....

A STUDY OF THE FRI/COMMERCIAL UNIT

QUESTIONNAIRE - PURCHASING OFFICER

1. Name of Interviewer:.....
2. Name of Respondent.....
3. Date:..... 4. Sex:.....
5. Marital Status:..... 6. Age:.....
7. Position:.....
8. How long have you been purchasing for the C.U?
9. Where do you do your purchases?.....
10. How often do you purchase for the C.U?.....
11. Has acquisition of funds and transport for your purchases been prompt? Yes/No
- 11b. If no, how long does it take you to get funds and transport for your purchases?.....
12. Does the delay affect the initial prices? Yes/No

A STUDY OF THE FRI/COMMERCIAL UNIT

QUESTIONNAIRE ON CUSTOMERS

1. Name of Interviewer.....
2. Date:.....
3. Person being interviewed:.....
4. Sex:..... 5. Marital Status:..... 6. Age:.....
5. Occupation:..... (6) No. of dependents:.....
7. Location of respondent.....
8. How often do you visit the Food Research Institute?.....

- 9. Do you always get your supplies? Yes/No.
- 9b. If no, what do you do?
- 10. Do you find the local of the Food Research Institute shop convenient to you? Yes?No.
- 11. Do you sometimes buy similar products from other shops? Yes/No
- 11b. If yes, how do you compare Food Research Institute products to products to products of our competitors in the table below:

Product	Quality	Price	Distribution	Promotion

Any other comments:.....

A STUDY OF THE FRI/COMMERCIAL UNIT
QUESTIONNAIRE - SALESMAN

- 1. Name of Interviewer.....
- 2. Date:.....
- 3. Person being interviewed:.....
- 4. Sex:..... 5. Marital Status:..... 6. Age:.....
- 7. Position.....

8. How long have you been working as a salesman at Food Research Institute.....
.....
9. Do you have any assistants? Yes/No.
- 9b. If yes, how many assistant do you have?.....
10. What product lines do you handle?.....
11. Which of the lines move faster?.....
12. Where do you sell your products?.....
13. Do you have target customers? Yes/No.
14. If yes, where are they located?
15. Do you receive any complaints from your customers? Yes/No
- 15b. If yes, what complaints do you often receive?
.....

APPENDIX F**LIST OF ACRONYMS**

CU	-	Commercial Unit
FRI	-	Food Research Institute
NPO	-	Non Profit Organisation
CSIR	-	Council for Scientific and Industrial Research
SWOT	-	Strengths, Weaknesses, Opportunities and Threats

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