The Role of Marketing in Economic Development in Africa-Tanzania

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Abstract
At the beginning of the 21st century the task of re-examining the role of the state in economic development is becoming increasingly important for African policymakers because most countries have undergone some form of either externally imposed or self-imposed Structural Adjustment. The Structural Adjustment Programmes (SAPs) have, however, had different outcomes in the different countries but none has succeeded in alleviating poverty and stimulating sustained development. In general however, SAPs have discouraged the state from playing a developmental role, because of a misconception that government should not have any role in the economy other than the regulation of economic activities and the enforcement of law and order. Therefore, in the light of the widespread poverty, and the high levels of unemployment and income inequality in most African countries, it is clear that the state must have a significant role in economic development.
Keywords: Marketing, Marketing System, Economic Development, and Significance.

1. Introduction

Tanzania's economic advantage lies in the diversity of its exploitable natural resources. In addition to recent gas finds, the country is a world-class mineral producer and a key agricultural player in East Africa and it has wildlife and geography that cater to a valuable and growing tourism industry. Recent economic growth has stayed at around 7 per cent annually, despite the country's exposure to volatility in international prices of food, gold and energy. Since 2011, Tanzania's annual growth rate has outstripped that of Kenya and Uganda, (Tanzania economic update accessed 19 Aug 2015) and it became the top destination for foreign direct investment (FDI) in East Africa in 2014. However, perceptions of corruption may have inhibited growth by dissuading more foreign engagement. (Corruption Perception Index 2014).

In developing countries, the "more glamorous" fields such as finance, human resources, production, and the traditional arts and science professions are highlighted while marketing is treated with neglect, if not disdain. Yet marketing holds a key position in these countries. Although marketing generally lags behind in most areas of economic life, it is the most effective stimulus of economic development, especially in its ability to develop entrepreneurs and managers speedily. Moreover, it provides what is the greatest need of a developing country; a systematic discipline in a vital domain of economic activity, a discipline which is based on generalised theoretical concepts, and which can, thus, be taught as well as learned.

The paper commences with an exploration of marketing as a business discipline, followed by a discourse of marketing as a social discipline. In this discussion, the focus is on the second meaning in which marketing has become a discipline: the role of marketing in economy and society. To make it relevant to our business environment, this paper concentrates on the role of marketing in economic development particularly in Africa – Tanzania.

2. Methodology

This work is based on the review and analysis of secondary data sources which involves the collection of data for the purpose of describing the role of marketing in economic development in Africa especially in Tanzania. The remainder of the paper is organized as follows. Section three gives the literature review which serves as the concepts and definition. Section four the role of marketing on economic development. Section five the problems facing marketing system not developed. Section six the significance of marketing in today's economy. Section seven conclusion and recommendation.

3. Literature Review

3.1. Concepts and definitions

Marketing, many people mistakenly think of it as advertising and selling. However, advertising and selling are only two of several marketing functions, and not necessarily the most important ones. The most basic concept underlying marketing is that of human needs. We have many needs including ones such as affection, knowledge and a sense of belonging as well as the physical need for food, warmth and shelter. A good deal of our lives is devoted to obtaining what will satisfy those needs. Marketing can thus be defined as any human activity which is directed at satisfying needs and wants by creating and exchanging goods and value with others. Marketing has become a key factor in the success of develop businesses. Today's companies face stiff competition and the companies which can best satisfy customer needs are those which will survive and make the largest profits. Marketing is therefore, the process through which economy is integrated into society to serve human needs.

3.2. Marketing System

A marketing system is the social network that permits interaction between buyers and sellers. It includes all the rules and regulations, the reputations and credentials of the companies and individuals involved. The market system is where market players bid and ask. Auctions, rationing, black market and free market, real estate market, stock market and others are types of market systems. The goal of the system is to reach preselected market targets and to satisfy the consumer's needs in a manner profitable to the company. A marketing system consists of two major factors; external environmental constraints, and controllable forces within the company. The *external environmental constraints*, among others include the following: competition; social and ethical forces; political and legal forces. Others are market demand, technology, and distribution structure. The *controllable forces within the company* on the other hand consist of two sets of internal, controllable forces: the company's resources in non-marketing areas and the components of the marketing mix. Whereas the company's resources in non-marketing areas are made up of the firm's public image, location, production, personnel, finance, research and development patents; the components of the firm's marketing mix are: the product, the price structure, the promotional activities and some features of the distribution system. A firm manipulates its controllable forces both in non-marketing and marketing areas, while responding to its environments – uncontrollable forces.

3.3. Economic development

Economic development is the process by which a nation improves the economic, political, and social well-being of its people. It's a process whereby an economy's real national income as well as per capita income increases over a long period of time. In short, economic development is a process consisting of a long chain of inter-related changes in fundamental factors of supply and in the structure of demand, leading to a rise in the net national product of a country in the long run. Economic development is generally understood to mean an increase in national production that result in an increase in average per capita gross national product (GNP). An increase in average per capita GNP alone however is not sufficient to denote the implied or expected meaning of economic development. According to Kenen (2000) also tends to mean rapid growth improvement achieved "in decades rather than centuries". The strategies of economic development among others include industrialization which incidentally, is the fundamental objective of most developing countries. Certainly, most countries see in "economic growth": the achievement of social as well as economic goals which among others include the following: satisfaction of such non material needs as better education for all, better and more effective government, the elimination of social inequalities; as well as improvements in moral and ethical responsibilities of both the public and private sectors of the economy. In order to achieve the above objectives, naturally, one should be concerned with the basic institutions of industrial society in general and with the management of business enterprise in particular. Definitely, one cannot successfully accomplish such activities without direct concern with marketing.

In 2014, the country's GDP was rebased, with the new calculation reflecting that Tanzania's GDP was almost a third larger than previously estimated. As a result, new figures for average annual GDP per capita moved Tanzania closer to the middle-income country status that forms part of its development ambitions as set out in Vision 2025.

Key Contributors to Tanzania's GDP, 2014

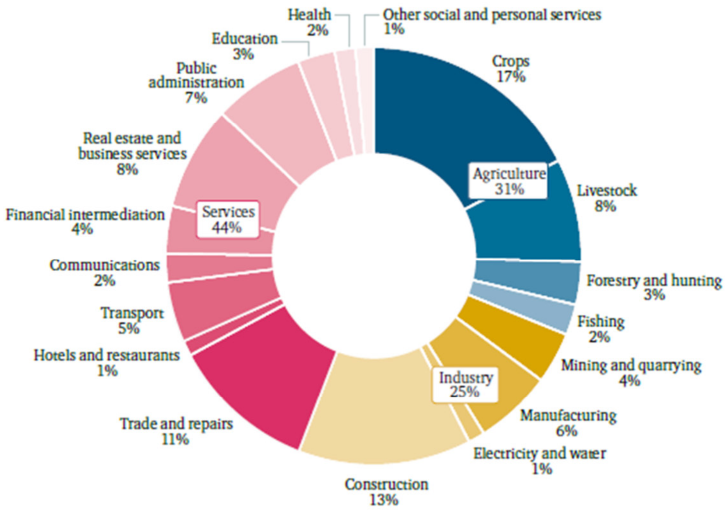

Figure 1. Source: Elaborated from Annex 2, World Bank Economic Update, 7th Edition, July 2015.

4. The Role of Marketing on Economic Development

4.1. Building Capital

Marketing spurs demand. This is an important function. In spurring demand, it creates wants that the manufacturing interests of the country can then satisfy. In this way, marketing can create capital through the use of consumption currency for future projects. This, in a way, is a means of development and modernization. The simple act of linking producers and consumers through information can permit consumers to realize what is available, creating demand where none existed. Markets can be created and with it, new channels of consumption and cash flow.

4.2. Fair Prices for Agriculture

Most undeveloped societies are primarily agricultural. Agricultural societies are often dominated by the local, including local power structures and oligarchies. Marketing can then link these agricultural units to the broader society, including the global society. Local oligarchies can be broken when marketing links consumers in other part of the country or region, meaning that local farmers can have a broader market and even higher prices for their produce.

4.3. Developing Standards

Merchants, producers and bankers are all directly involved in marketing throughout a target economy. They want to promote a product that will produce profits and a large, permanent share of the market. This cannot be done unless the products being promoted are of high quality and reasonable price. Shoddy goods generally do not promote market loyalty. Therefore, serious marketing in the developing world must promote standards of quality, price, reliability and service. Marketing in this context is building a web of relationships for the long term, not a quick sale that does not build loyalty.

4.4. Society and Economy

The society and economy, this means that products and services being promoted become a part of the social and cultural life of the people. The role of merchants and entrepreneurs is central here, since this stratagem is largely responsible for developing a real local and national market. This integration strengthens the role of entrepreneurs who create capital and opportunity, while providing needed services and products for society.

5. Problem facing Marketing Systems not Developed

5.1. Special Problems for Intangibles

So much, briefly, for making a sale—for getting a customer. Keeping a customer is quite another thing, and on that score more pervasively intangible products encounter some distinct difficulties. These difficulties stem largely from the fact that intangible products are highly people-intensive in their production and delivery methods. Corporate financial services of banks are, in this respect, not so different from hairdressing or consulting. The more people-intensive a product, the more room there is for personal discretion, idiosyncrasy, error, and delay. Once a customer for an intangible product is sold, the customer can easily be unsold as a consequence of the under fulfillment of his expectations. Repeat buying suffers. Conversely, a tangible product, manufactured under close supervision in a factory and delivered through a planned and orderly network is much more likely than an intangible product to fulfill the promised expectation. Repeat buying is therefore less easily jeopardized.

Intangible Nature of Marketing; A tangible product is usually developed by design professionals working under conditions of benign isolation after receiving guidance from market intelligence experts, scientists, and others. The product will be manufactured by another group of specialists under conditions of close supervision that facilitate reliable quality control. Even installation and use by the customer are determined by a relatively narrow range of possibilities dictated by the product itself.

Another complication which leads to general neglect according to Moyer (1964) is that marketing is intangible and difficult to quantify compared to production, where as "accurate quantitative information is important for planning purposes". Furthermore, of all skills, marketing skills may be the most difficult to transfer from one economy to another. For example, machines can be built in Japan and used in Tanzania, but a marketing plan or system adequate for Japanese market will most often be unusable in another culture.

The intangibility affect sales appeal of both intangible and tangible products. The buying promises; the judgement about realities (Impressions); the ties that bind (The way the product is packaged how the promise is presented in brochure, letter, design appearance, how it is personally presented, and by whom—all these become central to the product itself because they are elements of what the customer finally decides to buy or reject); Minimizing the human factor (No matter how well trained or motivated they might be, people make mistakes, forget, commit indiscretions, and at times are uncongenial—hence the search for alternatives to dependence on people; On being appreciated (The most important thing to know about intangible products is that the customers usually don't know what they're getting until they don't get it); Making tangible the intangible (Everybody requires the risk-reducing reassurances of tangibilized intangibles).

5.2. The Influence of Import Orientation

One argument in favour of free trade with developing nations is that the more we import from them, the more they will import from us. There are two principal ways in which an increase in Tanzania's imports from the Third World may lead to an increase in our exports to them: by alleviating their balance of payments difficulties, and by encouraging them to be more outward-oriented. When we protect our economies from competitors in developing countries, we encourage those countries to become more inward-oriented. On the other hand, if we open up our markets to producers in less developed countries, those countries will become more outward-oriented.

There are a number of reasons why outward-oriented economies grow faster than inward-looking ones: The most important way in which an outward orientation leads to output growth is by allowing developing countries to exploit their comparative advantage, thereby using their resources more efficiently; Indigenous companies in export-oriented countries are forced to compete with foreign firms, they thus have a greater incentive to innovate, reduce costs and eliminate inefficiencies. This leads to further productivity gains for the export-oriented economy; Interaction with developed countries facilitates technological advancement in less developed countries through the transfer of technology as well as managerial skills and business know-how; Export-oriented economies tend to have higher savings rates. The 1987 World Development Report offers three explanations for this. Inward-looking countries find it more difficult to attract direct foreign investment. An outward orientation may not lead to higher growth for developing economies. If developing countries' demand grows, they will not necessarily import more from us.

The Defects in the Market System. Firstly, Physical problems: that consist poor site location and road access. This is often the main issue. It becomes difficult to resolve where there are planned road improvements that would provide access advantages, but have not yet been carried out; insufficient sales space, particularly of temporary spaces at peak periods and during peak seasons, leading to produce being sold in the open, with consequent spoilage; the presence of poorly designed and constructed sheds, making the marketing process inefficient and inhibiting customer flow; a general lack of building and facilities maintenance; insufficient circulation space and traffic management measures, leading to vehicular and pedestrian congestion; lack of parking provision and areas for unloading; poor condition of roads and paving; inadequate drainage and severe flooding problems, leading to produce losses and potential health problems; inadequate site security and overnight storage facilities; and inadequate hygienic provision for meat, poultry and fish handling, including a lack of refrigeration facilities.

Secondly, Social and managerial problems: difficulties in enforcing market bye-laws and regulations; an inefficient or uncontrolled use of market sales space with low sales volume per trader and, often, low rents or charges; a high, unmet, demand for places in the market, frequently combined with high-profit margins for traders; and market management which establishes no clear relationship between revenues and costs, leading to the market being under-funded, especially for repairs and maintenance. On the basis of this analysis it will be possible to put forward suggestions to enhance the efficiency and effectiveness of the markets. One of the specific recommendations may be to make improvements to marketing infrastructure.

The import-oriented market, Sherbini (1968) noted that an import-oriented market system usually works backwards. Consumers, retailers, and other intermediaries are always seeking goods. This results from the tendency of importers to throttle the flow of goods, and from this sporadic and uneven flow of imports, inventory hording as a means of checking the market can be achieved at relatively low cost, and is obviously justified because of its lucrative and speculative yields. A one deal mentality of pricing at the retail and wholesale levels prevail in this country and this was explained by Taylor (1965) who said that oriented market, goods come in at a landed price and pricing from there on is simply an assessment of demand. He further noted that variations in manufacturing costs are of little concern; each shipment is a deal, and when that is gone, the merchant simply waits for another good deal basing the price of each deal on the landed cost and the assessment of demand at that point in time.

The import-oriented philosophy also affects the development of intermediaries and the functions they perform. The factor of an import-oriented market dominated by an import-wholesaler system presents special public relation problems that can obstruct the goals of the international marketer attempting to substitute locally manufactured products for imported ones or making a total market commitment in the country. The major point of contention is the threat posed by the foreign marketer, who, with his mass marketing philosophy, attempts to control the distribution process to the point where consumption causes shifts in the location and control of many marketing activities and functions. In this regard, Sherbini (1968) said that: In an import-oriented marketing system, the focus (of marketing activities and functions) lies near the consumer and of the marketing channel. Many marketing functions such as sorting, selling, storage and ware housing, advertising and promotion and financing are performed by wholesale and retail intermediaries.

5.3. Production Orientation of the Economic Planners

As a matter of fact, the lack of concern for distribution and economic planning extends to the technical assistance usually offered by developed countries as well. The United States, for example, virtually has ignored many of the problems designed for developing countries. Westfall (1960) gave some reasons to explain such orientation. First, it seems quite logical to be more concerned with production than consumption in developing countries. Second, in many cultures, marketing is considered to be a wasteful activity and anyone engaged in marketing is considered a parasite on society.

The utility of advertising, product planning, and innovation is constantly questioned in even the most developed economic system. McCarthy (1963) noted that emphasis is often placed upon the development of techniques for increasing production and production efficiency. In other words, the economic planners are production rather than marketing oriented. This position was reinforced by Rostow (1990) who argued that distribution tends to be ignored or regarded, somehow, as an inferior kind of economic activity, and thus, it is difficult to get development economists and policy makers to accord problems of efficiency in distribution the same attention they give automatically to problems of production, investment and finance.

6. The Significance of Marketing in today's Economy

Olakunori and Ejionueme (1997) identified the importance of marketing to any economy, which was later up dated by Olakunori (2002) to include the following;

1) Marketing Impact on People: There is no doubt all over the world that marketing activities are affected by people's beliefs, attitudes, life styles, consumption pattern, purchase behaviour, income, etc. Marketers help organizations and businesses to develop products, promote, price and distribute them. Consumers' satisfaction or dissatisfaction with these products and activities will go a long way in determining their consumption behaviour. The importance of marketing can therefore be felt by the extent to which it affects the earlier mentioned demographic variables.

2) Improved Quality of Life: The activities performed by marketers and others in the economy of most countries, especially developed ones, help to identify and satisfy consumers' needs. This is because most consumers can always trace their knowledge and persuasion to patronize the products they feel much dependent on such marketing dominated stimuli as advertising, personal selling, E-commerce, sales promotion, etc, by presenting consumers with new, better and different brands and options of products which can meet their needs and helping them to easily obtain and safely enjoy these products. Marketers principally and functionally help to improve consumers' awareness and quality of life (Stapleton, 1984).

3) Improved Quality of Product: The importance of marketing is not being over emphased, because contemporary firms and multinationals have now seen the need to produce quality products. The business climate is quite different from what it used to be in the past. Competition has become more intense, such that only fast moving companies and multinationals are surviving the heat. This is because they have really capitalized on quality improvement in products to enhance the dynamic consumers' quest for goods and services.

The advertising of own brands which began some years back is fast becoming vogue and compels manufacturers to improve on the quality of their products or be prepared to be extinct (Stapleton, 1984).
4) Contribute to Gross National Product: The strength of any economy is measured in terms of its ability to generate the required income within a given fiscal year or period. Thus such a country's GNP must appreciate overtime. Marketing is the pivot and life wire of any economy, because all other activities of an organization generate costs and only marketing activities bring in the much needed revenues (Ani, 1993).
5) Acceleration of Economic Growth: Marketing encourages consumption by motivating people in a country to patronize goods produced to meet their identified needs. When people buy goods that are produced in a country, there is the tendency that producers will equally increase production to meet up with future demands. In so doing, marketing increases the tempo of economic activities, creates wealth for serious minded entrepreneurs and accelerates the economic growth of a nation. Thus, the more marketing philosophy is institutionalized in a country, the more developed and wealthy the country becomes, all things being equal.
6) Economic Resuscitation and Business Turn- Around: The economy of most developing countries have suffered a lot, passing through one economic hardship to the next business upheaval, told and untold stories of business distress or economic recession to mention a few. Marketing is the most meaningful means for achieving economic resuscitation and business turn-around strategy when such occur. By practically adopting the modern marketing philosophy (consumer satisfaction through integrative effort), fine-tuning its offerings to meet consumer's changing taste or counter competition, developing new and better products and exploiting new markets at home or abroad, industries and organization can achieve economic resuscitation and a more viable open widows for business prosperity.
7) Provide Job Opportunities: Marketing provides job opportunities to millions of people the world over. This is mostly experienced in well industrialized countries and emerging markets. Most people in these economies are engaged in private endeavours as investors and entrepreneurs. Some of these marketing opportunities are abound in areas like, advertising, retailing, wholesaling, transportation, communication, public relations, services, manufacturing, agents and brokers, to mention a few. It is gratifying to note that the number of jobs being created by marketing has been increasing just as the development process of modern technology is a contributing factor.

7. Conclusion

In view of the above discussion, it is quite clear that as a nation develops, its capacity to produce develops pressures, typically in the distribution structure. Tanzanian marketers must therefore, place emphasis on developing marketing system designed to utilize to the utmost the economic level of development. The impact of social and economic trends will continue to be felt in this country and elsewhere during the next decade, causing significant changes in distribution systems, personal shopping habits, and consumer demand. The continued growth of these trends requires that the Tanzania marketer constantly evaluates the dynamic aspects of his market, since it is likely that many of today's market facts will be tomorrow's myths. In this way, the role of marketing in economic development of our country is ensured.

It was recommended that, economists have traditionally relied on the theory of market failures to justify government investment in economic activity. The longstanding rationale is that, in order to increase efficiency, the government must intervene in situations where the market does not function optimally. Markets are concerned with transactions. In a variety of circumstances, specifically those concerning public goods; information asymmetries; industry conditions that provide a barrier to new firms being able to enter; and the difficulty of pricing externalities, markets yield less than efficient outcomes. Efficiency, for economists, refers to the use of resources that maximizes the production of goods and services. As described in almost every economic textbook, market failures lead to sub-optimal outcomes and inefficient use of resources.

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