

The role of Marketing in Zambia's economic diversification process

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Abstract: This researched article brings out the importance of marketing in Zambia's economic diversification and it demonstrates the role of marketing in each sector that contributes heavily to GDP in Zambia. The articles' facts and literature were gathered from various publications from journal articles published by other authors and reports from institutions such as the World Bank, government ministries and banking institutions. The article discusses marketing as a strategic partner to economic diversification and its findings point mainly to the fact that each economic sector needs marketing in order to thrive. The article explores the concept of diversification while discussing the risks of dependency on copper and the reasons why Zambia needs to diversify its economy. The paper concludes that marketing is essential in the diversification process and that the regulators of marketing; namely the Zambia Institute of Marketing (ZIM) should be involved in this complex process

1. INTRODUCTION

In June 2015, the Republican President Mr. Edgar Chagwa Lungu pronounced that posterity would judge Zambia harshly if it did not diversify its economy from mining to other sectors (Mvula, 2015). Since this warning by the President, there have been a number of strides to grow other sectors of the economy so that they can boost Zambia's GDP and grow it from its current 3.70% to a projected 4.1% by 2020 (African Development Bank group, 2019). This growth in GDP means that there will be an increase in commercial activities in the countries key economic sectors such as agriculture, tourism, mining and education. The growth in commercial activities attributed to economic diversification have a huge implication on marketing.

Methods

This article is a result of desktop research which involved the review of journal articles and reports that have been published by various academic writers, government agencies and ministries. The data collected is mainly from peer reviewed journal articles and their findings. World Bank reports have also formed a part of the literature review. Other sources of information were a review of books and other online sources.

2. LITERATURE REVIEW

Defining Marketing

Marketing is the process of satisfying needs and wants through an exchange process (Kotler, et al., 2010). Without needs, marketing would not exist. Abraham Marlow emphasizes this when he describes needs as a state of deprivation (Aruma & Melvins, 2017). Needs change and as they change service provision must follow suit in being aligned to those needs. Economic needs are changing globally and dependency on mining resources is becoming less sustainable and this drives the need to diversify.

The concept of diversification

The concept of diversification is domiciled on the need to expand companies' markets and the need to survive in changing business environments that create market saturation and intense rivalry (Ebrahim & Mona, 2013). The need to diversify is a result of the increasing need for revenue and shrinking of markets. This applies for economies such as Zambia's, which have traditionally depended on copper. The mining industry is still dominant in the contribution towards GDP but it has paused a huge challenge in revenue generation especially that copper prices have been fluctuating and mostly downwards (Jackson, et al., 2015)

Copper prices decline dramatically

LME Copper 3-month (\$)

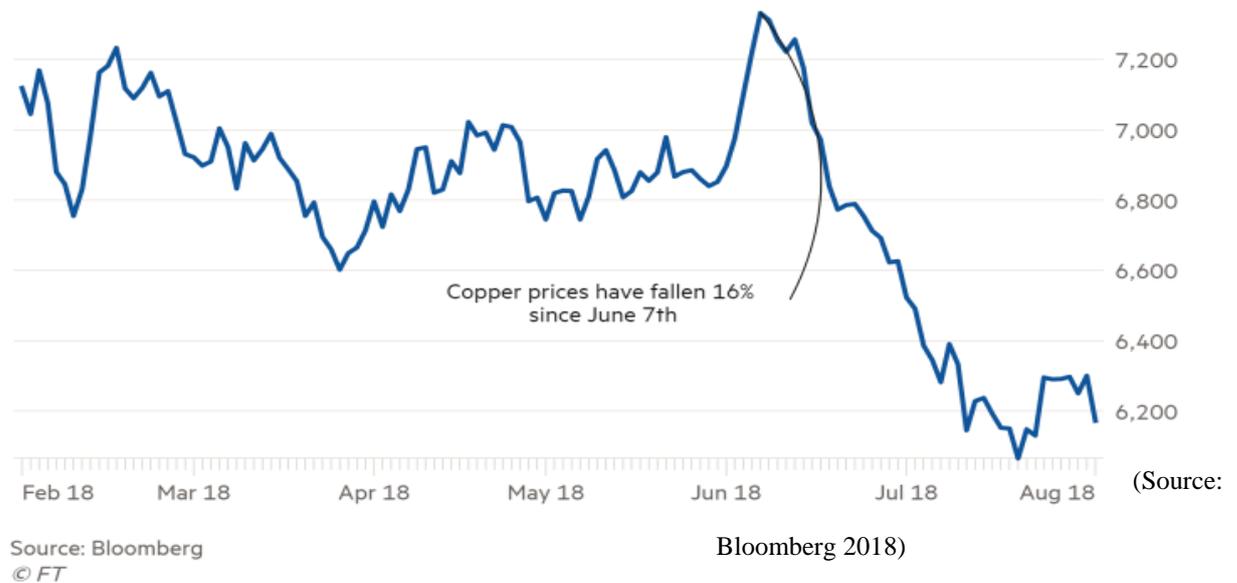


Figure 1: copper prices declining

The failing price of copper has caused many copper producers to diversify their economies, as they could no longer depend on copper alone to run their economies. Zambia is Africa's second largest producer of copper (Zambia Development Agency, 2015), and it has depended on this sector since independence in 1964. Diversification comes as a need to generate extra revenue to boost service sectors such as health and education. Diversifying an economy depends on how well marketing is directed (Sulaimon, et al., 2015). The tourism sector contributes 7% to Zambia's GDP (The World Bank, 2011). Tourism is a good example of a sector that depends largely on international marketing and this means that the marketing agenda should be placed as a key priority in advancing growth in this sector.

Marketing is a strategic partner in achieving any organization's business objectives since it is highly responsible for revenue generation (Kirova, 2017). Marketing serves as an economic driver in many ways but one pertinent issue is creating influence to drive purchasing (Hunsaker, 2018). In Zambia's diversification process, marketing is a strategic partner if the aim is to communicate value, to generate revenue and to drive a philosophy of strategic growth in other economic sectors other than mining. Marketing brings in a different dimension to economic growth. Firstly, it makes the growth acceleration more visible through its integrated communication accomplishments (Klein, 1985), and secondly, it enables the other sectors to increase their revenue contributions towards GDP through exchange processes (Philip & Inga, 2015).

In commerce and industry, marketing is highly responsible for customer retention and it is the link between manufacturers of goods and services and their targeted clients (Mohammad, et al., 2017).

There is no doubt, as to how critical marketing is to Zambia's economic diversification, but in order to understand its importance it is also necessary to look at the economic sectors and highlight how marketing is involved in each of the sectors. The following paragraphs highlight arguments on the role of marketing across various economic sectors in Zambia.

3. ARGUMENTS ON THE ROLE OF MARKETING ACROSS ECONOMIC SECTORS IN ZAMBIA-DISCUSSION

Marketing in the tourism sector

Perhaps the most important tool that this sector depends on is marketing, which in modern day has taken many different forms including digital forms. In this sector, there has arisen a need to market Zambia's tourism potential in the Luapula province, Copperbelt province and the Eastern province. Tourism contributes slightly over 7% to Zambia's GDP and this is already one of the key sectors that the diversification programs focus on (World Atlas Data, 2018). The Zambia National Tourism Board (ZNTB) requires huge investments in marketing in order to create more visibility in the existing tourism sites such as the Victoria Falls, but other than that, strong strategic partnerships between ZNTB and the Zambia Institute of Marketing (ZIM) are also necessary in order to record real growth in this sector.

Tourism is becoming cheaper and part of the global economy (Kasemsap, 2015). Tourism has significant impact on any country's economy and marketing is one of the most important aspects in this sector (Mwinuka, 2017).

Marketing in the education sector

Zambia has recorded an increase in this sector with the number of graduates offloaded onto the market increasing tremendously as infrastructure growth takes place in this sector. Reports indicate that the number of graduates released onto the market is increasing annually by 8% (Central Statistics office, 2018). The implication for marketing in this sector ranges from increasing labor exports in this sector and ensuring that indigenous Zambian education programs gain recognition both locally and internationally. Education is one of the sectors that can be a source of revenue for the country's GDP if it is well commercialized (especially for the private sector) since there is huge demand globally for quality educational services and programs such as those offered by ZIM.

In Australia international students injected 31.9\$ into that country's economy (Australia Universities, 2018). This means that with an increase in marketing activities and improvements in quality of standards in Zambia's education system, education is able to contribute to GDP.

The relationship between education and growth of economic output has been investigated extensively owing to the growing interest in the sources of economic growth and a stronger importance of tertiary education. Several scholars have examined the dynamics of this relationship and arrived at varied conclusions. By making use of a quantitative approach, Menon (1997) concluded that education caused economic advancement while Goetz and Rupasingha (2003) investigated the return of higher education with cross-sectional data sets in various states in America and indicated that different socioeconomic stages of development benefited from higher education; the higher the education, the better and more effective. Fan (2006) further argued that economic development increases demand for higher education, and subsequently higher education raises labor productivity, thus the well-educated human capital provides a favorable response to the economy. Zhao et al. (2011) used co-integration and impulse response function instruments to analyze the dynamics between higher educational input and growth in the economy and concluded that GDP would grow by 0.3 and 1.2 per cent, respectively, with an additional 1 per cent investment in funding and human resources in higher education. The economic development of a country relies on human capital through the improvement of education level, and investment in higher education to ensure a sustainable increase in productivity and efficiency of the human factor (McConnell and Brue, 1988).

Marketing in the Agriculture Sector

The agriculture sector's contribution to GDP has recorded significant increases since 2008 when there was a huge rise from 18% to 20% in 2009 (Zambia Development Agency, 2015). This increase was attributed to efficient crop marketing. Crop marketing is a concept that has existed in this industry for centuries and is still a cardinal part of the success of this sector. Previously Zambia had institutions such as the National Agricultural Marketing Board (NAMBOARD) (Chabwera, 1983), which were purely marketing institutions, and their functions still exist within government ministries. This means that in this huge sector marketing has been a strategic partner and can still play a crucial role to expand Zambia's market for agriculture beyond the nation's borders. It also means that there is need to involve more marketers in this sector and allow marketing institutions to collaborate with government and farmers to develop a national marketing plan for agricultural products. The idea of developing an economic model for each province in Zambia requires thorough thoughts and this entails that the crop-marketing program be done through a rigorous strategic crop-marketing plan.

Marketing a priority

In the world of trade, there is nothing like a product that sells itself and there is nothing like a product that creates its own market. Products sell because there is a deliberate effort to move them into markets and to generate an appeal for those products. This is the importance of marketing in all the key economic sectors everywhere in the world. Zambia can have attractive tourism sites, it can produce the best coffee or minerals but if the world does not know that these things exist, no one will buy them and eventually the country will be shrinking its own revenue. Marketing will ensure that the correct brand associations are implemented in each sector and the known effects of brand associations are higher sales and profitability (A. BeleÂn , et al., 2001). Marketing is a priority because it speaks to distribution of products, packaging of products and getting the necessary feedback so that the key economic sectors highlighted above can remain competitive.

Implications for marketers

Economic diversification comes with numerous challenges and among them is the need for professional and well-vested marketers. This means that educational institutions have a challenge to create practical and relevant training programs for marketers in Zambia. There is need for marketers to access the correct skills and these should be documented (Middleton & Long, 2010). It also means that regulations in the marketing sector also become paramount especially for practicing marketers. Marketers in the various sectors of economic development must attain attractive skills and qualifications since the expected growth requires creativity as well as innovative minds that can strategically position goods and services.

In this era of technological innovations and trade blocs, the implication on marketers is that they must have the necessary competencies to use technology to drive their agenda. The changes in technology and regulation provide an opportunity for marketers (Tapp & Hughs, 2004). Regulators of marketing also have a challenge to create an inspectorate to ensure that every practicing marketer has a valid practicing license (ZIM Secrtariate, 2018). For regulators to be more effective in their role, there may be need to revisit the Marketing Act so that it is provided with better teeth to bite and perhaps to prosecute those who may not be operating within the confines of the marketing regulations.

4. CONCLUSION

Marketing is an active participant in economic development and diversification. The findings in this paper have revealed that it plays a cardinal role in each economic sector. Marketing creates awareness and participates actively in influencing behavior and causing consumers to respond to goods and services according to the perceptions and intentions of the marketing campaign planners. The authors cited in this article seem to be directing a view that marketing is strategic and that diversification of any form is a marketing strategic action. The conclusion to the research shows that Zambia is still highly dependent on mining to run its economy and that there is need to diversify in order that GDP can grow.

In the various economic sectors in Zambia, marketing is a strategic partner as it creates visibility of products and services. Marketing through its regulators the Zambia Institute of Marketing must be engaged in economic diversification in all sectors at strategic planning level and at technocrat level through employing marketers certified by the Institute.

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