

The Sizanani Mzanzi Marketing Mix

Promotion & Place

**Kesso Gabrielle van Zutphen
and Madhavika Bajoria**

Sight and Life, Basel, Switzerland

What is the Marketing Mix?

Neil Borden, of Harvard Business School, used the term 'marketing mix' in 1991 to describe the set of activities comprising a firm's marketing program. He noted how firms blend elements of this 'mix' into a program and how firms competing in one and the same product category may have dramatically different 'mixes' at work. As shown in **Figure 1**, the 4 P's of Product, Price, Promotion and Place are often used to set out the marketing mix in an easy-to-recall way.¹

FIGURE 1: The 4 P's of the marketing mix



This is part five of our ongoing Sizanani Mzanzi series focusing on lessons learned.

For part one, please refer to vol. 29(1) 2015 on *Pilot Microfranchise Program in South Africa – Empowering women while facilitating the distribution of innovative food products*;

For part two, vol. 31(1) 2017 on *Applying Consumer Research to Microfranchising in South Africa*;

Sizanani Mzanzi

Sizanani Mzanzi is a social business that was founded in 2014 by *Sight and Life* and DSM South Africa. Its objectives range from bringing affordable, nutritious foods to vulnerable South African households, to creating income-generating opportunities and building local capacity by involving low-income community members as microfranchisees.

For part three, vol. 31(2) 2017 on *Six Important Characteristics of a Successful Microfranchisee – Towards a blueprint for nutrition enterprises*;

For part four, vol. 33(1) 2018 on *Sizanani Mzanzi Marketing Mix – Product and Price*.

In this edition of the magazine, we look at the remaining two P's, Promotion and Place.

What is Promotion?

The 'Promotion' element of the marketing mix involves deciding the appropriate set of ways in which to communicate with customers to foster their awareness of the brand, the product, knowledge of its features, interest in purchasing, likelihood of trying the product and/or repeat purchasing it.

Effective marketing requires an integrated communication plan combining both:

1. Personal selling efforts
2. Non-personal selling such as advertising, sales promotion and public relations

In January 2017, Sizanani Mzanzi had noted that its products and brand were unknown in the areas in which they operated, and there was thus a need to increase awareness, visibility and confidence in these. With this aim, in 2017 BMi Research conducted consumer research to understand purchasing and consumption habits for instant porridge and juice concentrate. The results of

TABLE 1: The Sizanani Mzanzi promotion strategy

	Instant porridge	Powdered beverage
Benefits to promise	Convenient instant meal with vitamins and minerals. The meal is a source of protein and high in fiber.	Instant beverage with vitamins and minerals. Simple and easy to use.
Support to promise	Healthy meal solution.	Healthy beverage option.

FIGURE 2: The two fortified products being offered by Sizanani Mzanzi

Product 1: MixMe fortified instant powdered beverage

Flavors: Orange | Pineapple
Pack size: 30 g – makes 1 L

Product 2: MixMe fortified instant maize | soy blend porridge

Flavors: Original | Vanilla
Pack size: 250 g, 750 g, 10 kg



the BMi research report confirmed the above and justified the need for extensive marketing initiatives. As a result, promotional sales activities were conducted to increase the brand and product awareness.

What are the tasks and tools of a promotion strategy?

A useful mnemonic in planning a communications strategy is the 6 M’s model. How each of these M’s were used to develop Sizanani Mzanzi’s promotion strategy is described in **Table 2**.

.....
“Brand is extremely important to consumers”

What is personal selling?

Brand is extremely important to consumers. At an overall level, promotion is the most important “P” to stimulate brand-switching (only to known/familiar brands), unplanned purchases, and pantry-loading. In this section, we will look at how Sizanani Mzanzi employed personal selling efforts to market the product.

Personal selling

A salesperson as a communication channel presents the advantage of permitting an interaction to take place between the firm and the potential customer rather than via merely the broadcasting of information. The salesperson can develop an understanding of the potential customer’s perceptions and preferences and tailor the communication message to the situation.

TABLE 2: M's Model of Promotion for MixMe Products

1. Market:	Geographic profile: Suburbs and townships within Johannesburg,
To whom was the communication addressed?	extending to broader Gauteng province
	Age: 18–35-year-old consumers with a disposable income
	Roles: Working adults (young and old)
	Gender: Females, males
	Income: LSM 4–8. The Living Standards Measure or LSM is a marketing and research tool used in South Africa to classify standard of living and disposable income. It segments the population into 10 deciles based on their relative means, with LSM 1 being the decile with the least means and 10 being the decile with the greatest means.
	Behavior characteristics:
	<i>The 'Experimentalist':</i>
	<ul style="list-style-type: none"> > Likes to try out new products if considered excellent value for money
	<ul style="list-style-type: none"> > Taste overrides importance of nutritional value
	<ul style="list-style-type: none"> > Likely to be swayed by promotions to try contemporary brands
	<i>The 'Health-conscious Consumer':</i>
	<ul style="list-style-type: none"> > Well informed around health and wellness
	<ul style="list-style-type: none"> > Reads nutritional information on packs
	<ul style="list-style-type: none"> > Makes informed, healthy choices on meal composition
2. Mission:	Instant porridge
What was the objective of the communication?	<i>To know:</i> Sizanani porridge is a convenient and fortified instant meal, anytime of the day.
	The product is a good source of protein and fiber.
	<i>To believe:</i> Sizanani porridge is a fortified product that will assist consumers in ensuring they consume a healthy meal option daily.
	<i>To do:</i> Consumers can buy the product from a store that stocks the products. Encourage consumers to have one portion (suggested serving size) of the porridge per day.
	Powdered beverage
	<i>To know:</i> The instant beverage is fortified and easy to use.
	<i>To believe:</i> It is a healthy beverage option.
	<i>To do:</i> Consumers can buy the product from a retail stockist.
3. Message:	Bringing quality, affordable, nutritious products to South Africans.
What were the specific points to be communicated?	Instant porridge
	Sizanani Mzansi instant porridge contains vitamins, minerals, protein and fiber, making it the healthy choice.
	Powdered beverage
	The health benefits of vitamins and minerals can be found in the instant beverage.
4. Media:	Promotions
Which vehicles were used to convey the message?	The following are conducted at the promotions:
	<ul style="list-style-type: none"> > Informing the consumer about the product
	<ul style="list-style-type: none"> > Product tastings
	<ul style="list-style-type: none"> > Product sales
5. Money:	Sizanani uses its operational staff to do the promotional tasks. The average promotion is 6.5 hours
How much was spent on the effort?	and the approximate cost is R14,000.00 (approx. US\$1,000) per day per site.
6. Measurement:	Improved sales at the retail store
How was impact assessed after the campaign?	

Microfranchising

“Microfranchising enables providers of goods and services to reach low-income segments by incentivizing or contracting local microentrepreneurs to cost-effectively take over a ‘missing’ function in the value chain, such as retailing, marketing and/or after-sales support. These franchisees can more easily generate a profit, which they then share with the franchisor.”

Initially, Sizanani Mzansi was operating on a microfranchising model,² thus the personal selling component was more significant than non-personal selling. The aim of the promotion was to create brand and product awareness among consumers. The recruitment, selection and training programs were designed to assist the microfranchising model.

What happened

- > Each microfranchisee was assisted with branded promotional items to assist with sales (the items were returned upon completion of the promotion).
- > Promotions were conducted in areas with a fairly good number of potential customers.
- > A Sizanani Mzansi team member would also be present at some promotional sites to document the lessons learned.

Lessons learned

- > Microfranchisees find it unprofitable to do door-to-door sales. Consumers prefer to purchase products from a retail store; this is because retail stores with cheaper substitutes are easily accessible for all LSMs.
- > Promotions assist in driving sales and consumer demand.

- > Microfranchisees lack the enthusiasm to perform promotional events and sales. Shopping malls and other retail shops, which have the highest number of potential customers, tend to be too expensive or prohibit promotional events or sales of products on their premises.

Recommendations

- > Brand awareness is key to the success of the product and sales. Consumers need to be informed about the health and convenience benefits of the product. Promotional activities will serve as a marketing tool for the product.
- > An alternative sales channel must be considered for the brand and products to have a greater impact and reach. Consumers are confident in, and loyal to, the retail chains within South Africa.

Why did Sizanani Mzansi shift to a non-personal promotion strategy?

As outlined above, there were several limitations to the promotion strategy within the microfranchising model for Sizanani Mzansi. The MixMe instant porridge and powdered beverage are not doing as well because the consumer can choose from several alternative brands, which are cheaper. It is to be noted that the cheaper substitutes use low-grade micronutrients and do not have any protein, or in some cases may also be completely unfortified. The value of the Sizanani Mzansi instant porridge and powdered beverage was not easily recognizable for the consumer.

Sizanani Mzansi undertook a thorough rebranding exercise because of poor performance of both the microfranchisees and the products. As a result, the MixMe instant porridge and powdered beverage are being phased out and an instant cereal called **Level Up** is being launched in vanilla and original flavors (Figure 3). This product will be launched in Q4 of 2018.

The product is being reformulated to decrease the sodium and sugar levels and increase the fiber content of the cereal. This will enable the product to obtain the heart mark and diabetes endorsements, which will set it apart from other products in the instant cereal category. Additionally, Sizanani Mzansi wants to be mindful of the double burden of malnutrition and to ensure that its products address not just undernutrition but also overnutrition. With this product, the target audience is preteens across all LSMs. The focus of the communication strategy is for the product to be perceived as ‘cool’ by the target market. Additionally, the promotion strategy here relies more heavily on non-personal selling vehicles, which include various sales promotions:

- > The soft launch will be followed by a promotional giveaway, to increase appeal of the product to the target market.

FIGURE 3: Revamped product: instant protein cereal



TABLE 3: Strengths and weaknesses of a direct vs. indirect distribution model

	Strengths	Weaknesses
Direct distribution model	<ul style="list-style-type: none"> > Total control over how the product is marketed and sold > High-quality contact with customers > No fighting with the competition for shelf space > Fast feedback loop 	<ul style="list-style-type: none"> > Possibly limited market coverage > Limited network > High fixed costs > More time-consuming and expensive for some business owners
Indirect distribution model	<ul style="list-style-type: none"> > Larger coverage > Reach new target segments > Low fixed costs > Expertise 	<ul style="list-style-type: none"> > Less focused on your products > Smaller margins > May limit customer information > Less control

- > In the stores in which the product is launched, promoters will be appointed to give out samples to customers and then try to convert the sample into a sale.
- > Part of the agreement with retail outlets that are stocking the new product is to use in-store promotions to sell all the stock.

The key message to be conveyed through promotional activities is that Level Up is the *best product for the best price*.

What is Place?

In the marketing mix, the process of moving products from the producer to the intended user is called 'place,' also commonly referred to as 'marketing channels.' In other words, it is how your product is bought and where it is bought. This movement could be through a combination of intermediaries such as distributors, wholesalers and retailers, or even the internet, which itself is a marketplace.³

Using the right marketing channels, a company can increase sales and maintain these over a longer period.³ In turn, this would mean a greater share of the market and increased revenues and profits. Correct placement is a vital activity that is focused on reaching the right target audience at the right time.³ It focuses on where the business is located, where the target market is placed, how best to connect these two, how to store goods in the interim and how to eventually transport them.

There are two major decisions in channels, namely: channel design and channel management. These will both be explored in the following paragraphs.

What channel design was selected?

Channel design refers to those decisions involving the development of new marketing channels where none had existed before, or the modification of existing channels. The term 'design' implies that the marketer is consciously and actively allocating the

distribution tasks to develop an efficient channel, and the term 'selection' means the actual selection of channel members.⁴

From a direct to indirect model

In the early phases of Sizanani Mzanzi back in 2015, the enterprise had a **direct distribution** channel whereby there was no independent party between the firm and its customers – the business only sold and delivered Sizanani products directly to customers using its sales agents, the so-called Sizanani Mzanzi microfranchisees. At the time, the microfranchisees would sell MixMe products from door to door, and also at creches, to their friends and family or by order (referrals or repeat customers). Selling these products from door to door was a great starting point for Sizanani Mzanzi, which needed to get a more personal feel for the market and had to be able to control the products' pricing and selling methods.

Nonetheless, this model also had numerous drawbacks: the products were heavy to carry around, and research conducted revealed that people had negative sentiments around door-to-door sales as a distribution mechanism. The biggest barriers were concerns for safety and skepticism around product quality and authenticity, since it was an unknown brand. The fact that the products were not stocked at local stores further fueled customers' skepticism of the brand. Additionally, microfranchisees lacked the resources (money and car) to cover large geographical areas to increase sales. Finally, and most importantly, there is a saturation of retail stores and supermarkets in the urban Johannesburg setting, whereby all products, across LSMs, are easily accessible at a mall, disqualifying the need for microfranchisees to knock on customers' doors.

Although direct customer contact was a critical way to gain market understanding as an input to future product development efforts, considering these growing issues, Sizanani Mzanzi investigated alternative routes to get to its customers, such as local stores and health kiosks.

FIGURE 4: The three levels of the distribution channel

One-level channel: A one-level channel contains one selling intermediary. In consumer markets, this is usually a retailer. Here, producers sell their goods directly to large retailers, who then sell the goods to the final consumers.



Two-level channel: A two-level channel encompasses two intermediary levels – a wholesaler and a retailer. A wholesaler typically buys and stores large quantities of merchandise from various manufacturers and then breaks them down into smaller lots (bulk breaking) to supply retailers with smaller quantities. For small retailers with limited financial resources and order quantities, the use of wholesalers makes economic sense.



Three-level channel: A three-level channel, as the name implies, encompasses three intermediary levels – a wholesaler, a retailer, and a jobber (a small-scale wholesaler or middleman in the retail goods trade).



Source: Definitions and figures are taken from Singh 2011, p. 472–473.⁵

FIGURE 5: The Sizanani Mzanzi two-level channel



Phase 1 – Manufacturer: The manufacturing and packaging will be outsourced to FSSC 22000-approved facilities. The manufacturer will source all raw materials required for the product. Once the product is manufactured, it will be transported to the contract packer. A bag-in-box solution will be implemented for the packaging of the product. The contract packer will pack the product into the primary, secondary, and tertiary packaging. Once the packaging process is completed, the product is transported to the warehouse.

Phase 2 – Warehouse: The warehouse will store all packaged products ready for distribution. All sales orders will be distributed from the warehouse to the retail stores.

Phase 3 – Retail Store: The retail store will afford consumers the opportunity to engage with the product. Consumers will purchase the product from the retail stores.

Phase 4 – Consumer: The consumer can prepare the product and enjoy it.

“Sizanani Mzanzi has moved from a direct to an indirect distribution model”

Since early 2018, Sizanani Mzanzi has moved from a direct to an indirect distribution model whereby a retailer pays for and takes title to the enterprise’s goods and is then free to sell them at whatever price and in whatever fashion it desires.¹ To keep the products affordable, pricing options will be discussed with retail-

ers. In South Africa, retail groups usually add a 25% mark-up on products. As Sizanani Mzanzi’s aim is to sell the cheapest instant protein cereal in the retail space, this will enable it to have a portion of the cereal market. To maintain the social nature of the business, Sizanani Mzanzi will utilize its profits gained from the retail sales to assist the rural development program by subsidizing products for rural communities. Additionally, the enterprise aims to commence with a feeding scheme project, where NGOs and other organizations that assist care centers for children and the elderly will be invited to apply to these feeding schemes. While companies will be able to donate cash to Sizanani, Sizanani will in turn supply instant protein cereal and beverages to these NGOs.

Sizanani Mzanzi NPC instant porridge in Spar Boksburg



© Godfrey Moloiwane.

Sizanani Mzanzi NPC instant porridge in Spar Brakpan



© Godfrey Moloiwane.

The stores pictured above are based in Johannesburg in South Africa. Each of the stores has a different retail price for the consumer, as seen in the images.

Channel length and breadth

Channel length and breadth are two crucial elements that characterize the channel design. Channel length refers to the levels of independent members along a distribution channel, i.e., a direct distribution channel is a short channel and an indirect distribution involves a long channel.

In the case of Sizanani Mzanzi, the large and diffuse target group of Sizanani products and the intention to increase the product basket meant that costs of account relationship could be spread over many products, justifying the transition towards an indirect (and thus longer) distribution channel. Sizanani Mzanzi approached retailers to carry the instant cereal products. It started with a few stores but has now been introduced into 20 urban retail outlets consisting of both corporate and franchised stores, of which one is the big retailer – SPAR group.

Another characteristic of the channel design is the channel breadth, which specifically determines the degree of market exposure. In other words, it refers to the number of independent members at any stage of distribution. In a narrow channel, a manufacturer or service provider sells via a few wholesalers or retailers, while in a wide channel, it sells via many. Compared to the time at which MixMe products were targeted at low LSM groups, the rebranded products throughout the 20 retail outlets approached by Sizanani Mzanzi will be targeting all LSM groups and will be selling through various retail chains. The retail chains have stores in various suburbs within South Africa across all LSM groups. Sizanani aims to discuss the store selection with retail chains. An in-store activation will support each store to create the brand and product awareness.

The aim is to have the product stocked in stores that are visited by a high number of people. It is hoped that switching to retail will generate profits which in turn will be used to subsidize the products for rural markets and for promotion purposes as explained above. At present, Sizanani Mzanzi aims for products to be distributed in the Gauteng province and is subsequently planning to expand to Western Cape and KwaZulu-Natal provinces.

Sizanani Mzanzi currently consists of a two-level channel with the process flow shown in [figure 5](#) for the product, from manufacturer to consumer.

It is important to note that in the light of Sizanani Mzanzi's nature as an emerging social business, it is the enterprise's aim for the products to be easily accessible to customers and thus not to have any trade barriers or increased costs on the product.

Acknowledgements

We would like to thank Kalpana Beesabathuni (Board Member, Sizanani Mzanzi) for providing us with invaluable guidance, resources, and feedback that helped us shape this article. Akash Raghonadhan (General Manager, Sizanani Mzanzi) carefully reviewed the article and provided us with helpful insights from the ground in South Africa, for which we are extremely grateful.

.....
Correspondence: *Kesso Gabrielle van Zutphen, Knowledge and Research Specialist, Sight and Life, PO Box 2116, 4002 Basel, Switzerland*

Email: *kesso.vanzutphen@sightandlife.org*

References

01. Borden NH. The concept of the Marketing Mix. In: Dolan RJ. Strategic marketing management. Boston, MA: Harvard Business School Press; 1991.
02. Feed the Future. From smallholders to shareholders: a guide to optimizing partnerships with the private sector for smallholder impact. Washington, DC: USAID; 2014.
03. Cleverism. Marketing Mix – Place in Four P's. 2014. Internet: www.cleverism.com/place-four-ps-marketing-mix/ (accessed 16 August 2018).
04. Rosenbloom B. Marketing channels: a management view. 8th ed. Mason, OH: South-Western Cengage Learning; 2013.
05. Singh, H. Retail management: a global perspective. New Delhi: S. Chand Publishing; 2009.