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PRESS RELEASE

The Confederation of Irish Industry

Speech by Liam Connellan, Director General, Confederation of Irish Industry at "Seminar on Marketing" to the Plassey Business Society at the National Institute for Higher Education, Limerick on Friday, 24th April 1981 at 7.15 p.m.

THE IMPORTANCE OF MARKETING

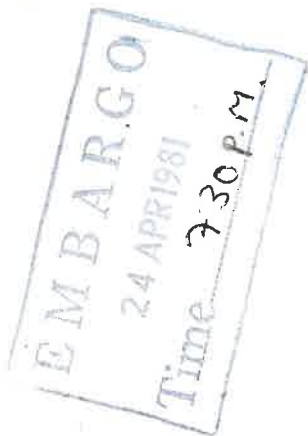
Marketing is the key function in most industries. In small firms it is one of the last functions to be delegated.

Marketing is the link between the consumer and the firm.

The activities of marketing are : -

- a) To research the needs of potential customers
- b) To assist in the development of products which will meet those needs and can be produced economically by the firm
- c) To prepare sales forecasts
- d) To determine optimum pricing policy
- e) To promote and sell the products in line with forecast
- f) To arrange effective distribution on time
- g) To organise after sales service.

Marketing is sometimes confused with selling. The list of activities which I have indicated are much broader than that. Marketing is an integral part of a total business concept. The products sold by a manufacturing firm must relate to customer need. Identification of this requirement and the



appropriate market segment can be of exceptional importance. The products manufactured must be within the technical and skill capability of the firm. An excellent product will not be successful unless there are sufficient funds available for promotion, storage and distribution, and unless there are adequate facilities for after sales servicing.

The marketing function is probably the least developed function in Irish industry. Many of our manufacturing firms make products which have been developed in other countries. This is inevitable for a country at Ireland's stage of industrial development. The first aim has been to attract factories which will manufacture existing products for which there are already established market outlets. These industries have made major contributions to the provision of employment, the growth of exports and the replacement of imports.

As the economy evolves there is a need for each firm to generate its own sustainable growth. This requires people with the knowledge and skill to develop new products which will meet the demands of a changing market place. It requires emphasis on researching how new consumer needs can be met by adapting existing products, and how new technological processes can be incorporated.

Let us now look at the changing structure of management in Irish manufacturing firms over the last twenty years. In 1964, 50% of functional managers were engaged in production and only 15% in marketing. By 1973, the proportion of production managers had fallen to 42% and the proportion of marketing executives had increased to 21%. It seems likely that today about a quarter of all managers in industrial firms, having more than 20 employees, are engaged in the marketing function.

What Qualifications are Relevant ?

In 1974, about 40% of marketing managers had a degree or professional qualification. Of those who had degrees about 60% had degrees in arts, commerce or business studies, and 40% had degrees in engineering or science. Of those having professional qualifications, approximately one third had professional marketing qualifications, a further third had technical qualifications, and the balance had finance or other qualifications.

Export Marketing

Over half the output of Irish industry is exported. The proportion of exports sold to different overseas markets has changed considerably over the last decade. In 1971, 66% of our exports were sold to Britain and Northern Ireland, and in 1980, the proportion had dropped to 44%. In 1971, only 10% of our exports were sold to Continental EEC countries, and in 1980, this proportion had increased to 32%. The proportion of exports sold to North America fell from 12% to 7% during this period, but new export markets were opened up in countries as diverse as Libya which now takes almost 3% of Irish exports and is our ninth largest export customer, and Nigeria which accounts for almost 1% of Irish exports and is our eleventh largest export customer.

This diversification of exports has been a welcome trend in reducing the high dependence of the Irish economy on a single market.

A survey carried out by CTT in 1980, indicated that of over 1200 exporting companies replying to the survey, 363 had full time executives exclusively concerned with export marketing.

It is worth noting that almost two thirds of these were Irish owned firms. Over half of the full time export marketing executives were based overseas.

Furthermore, about 80% of exporting firms had marketing control in Ireland, and about 15% of exporting companies regarded a shortage of export marketing skills as a serious obstacle to the development of exports. Over half of the companies surveyed had added new products to their export range over the last two years. After Britain and Northern Ireland most marketing visits overseas were to Germany and France. Almost 3,000 marketing visits were paid by Irish industrial firms to France and Germany in 1980. The total number of sales visits abroad by Irish firms increased by about 13% in 1980 compared to 1979.

Education for Marketing

A recent study, carried out by Professor Enda Hession of UCD, indicated that education in international marketing is offered in eight third level Institution on a regular basis. International marketing is offered as a subject or a significant element of a subject in 13 undergraduate programmes and 4 post graduate programmes. These courses include the B.Comm., Bachelor of Business Studies, Diploma in Business Studies, Diploma in Marketing, Certificate in Business Studies, Master of Business Studies, the Diploma in Foreign Trade, Graduateship of the Marketing Institute of Ireland, Master of Business Administration, and the Diploma in Export Marketing.

In 1978, although almost 300 students completed courses which had some element of international marketing included, only 74 of these had international marketing as a full subject in the course, and only 4 completed a course exclusively concerned with international marketing.

Home Market

Marketing is also extremely important on the home market. In 1980, £5,400 million worth of products were imported to this country, while £4,100 million worth of goods were exported. Approximately 50% of the output of industry is sold on the home market, but imports account for about one third of all goods purchased for use in Ireland.

During recent months, surveys carried out by the Confederation have identified approximately £200 million worth of products which Irish firms would either like to purchase locally, or feel they could substitute for products currently being imported.

Whilst one must recognise that there are many products which because of their nature cannot be economically manufactured in Ireland, there is obviously considerable scope for supplying a higher proportion of the goods which are currently being imported.

The needs of the market place are continually changing and also the technology available for the manufacture of products. There is always scope for the manufacture of new products. The clothing industry is an obvious example where new products are continually being introduced. At present over half the clothing purchased in Ireland is imported. Despite this, there will always be a high level of demand in Ireland, as in countries such as Germany, for good quality clothing products manufactured to meet the special requirements of local consumers.

Much of the capacity of Irish producers to supply the local market depends upon developing a marketing ethos in our society. We need to encourage more people to seek out the opportunities which exist in Ireland. In particular, I believe that this ethos can be fostered in the schools.

Last December the Confederation welcomed the opportunity of becoming involved in the introduction of Junior Achievement to second level schools in Ireland. Junior Achievement is a programme which assists the setting up of limited companies to market and manufacture a product for a period of one year. The company is made up of 20 young people - usually from the same school - who contribute funds to set up a company; and meet for two hours each week during the school year to run the activities of the company. The company is liquidated at the end of the year and the funds are redistributed to each of the shareholders. I believe that this process can be an invaluable aid in helping young people to understand how manufacturing business operates, and can provide excellent training in marketing through experience. It is hoped that 40 of these groups will be set up by the National Programme Director, Mr Andrew Duffin, who is a member of the CII Manpower Policy Committee, during the winter of 1981/82.

Conclusion

Marketing is a most important function in the Irish economy. It comprises contact with the complete cycle of operations from identification of need to product development, finance production, promotion, distribution and after sales service. At present about 1,000 young people with third level or professional qualifications enter employment in industry annually, and it is estimated that one quarter of these will enter the marketing function.

Over the next decade, it is expected that the number of people having third level qualifications entering industry annually, will increase to 5,000 and if current trends continue, about 1,500 of these will enter the marketing function.

It is clear that the number of courses specifically geared to marketing skills will have to be expanded considerably since less than 100 students completed a course which had international marketing as a full subject in 1978.

The integrated development of Irish industry requires, not only technicians and technologists who can apply the latest technical advances to product and process development, but also a strong core of professional marketing staff who can ensure that industry is continually adapting to the changing needs of the market place. This requires that full use is made of educational programmes to transmit condensed experience in this vital function of business.

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