CHAPTER 13

PRINCIPLES OF MARKETING AND MARKET ORIENTATION

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ABSTRACT

Marketing is not synonymous with advertising or sales. It is an enterprise-wide discipline of understanding markets, identifying whose problems an organization can address, designing credible value propositions, and coordinating exchanges and relationships whose economic and social consequences remain defensible. This chapter critically examines the meaning, intellectual history, theories, processes, measurement and responsibilities of marketing, with market orientation as its central integrating construct. A purposive secondary-source synthesis connects exchange theory, industrial organization, segmentation–targeting–positioning, market-orientation research, relationship marketing, service-dominant logic and customer-value scholarship. Twelve approved domains develop environmental analysis, needs and perceived value, market selection, differentiation, strategic planning, marketing-mix coordination, organizational and nonprofit markets, retention economics, analytical inference, ethical safeguards and technologically mediated markets. Rwanda's 2022 population census, 2023/24 household living-conditions evidence, 2024 financial-inclusion survey and 2024 business-enterprise survey establish an empirical context for a transparently hypothetical urban–nonurban entry decision. Reproducible calculations illustrate addressable demand, contribution, market share, customer lifetime value and campaign incrementality; none represents observed firm performance. Original instruments include a marketing-strategy cycle, a theory-comparison matrix, an STP decision canvas and an evidence-to-action scorecard. The chapter argues that marketing effectiveness depends less on promotional intensity than on the fit among evidence, meaningful customer benefit, operational feasibility, economic durability and accountable treatment of affected stakeholders. The integrative framework offers propositions for testing, not claims of newly verified causality.

Keywords: marketing orientation; customer value; exchange; segmentation; targeting; positioning; marketing strategy; customer lifetime value; responsible marketing; Rwanda.

LEARNING OUTCOMES AND CHAPTER ROADMAP

After completing this chapter, readers should be able to: (LO1) distinguish marketing as an enterprise capability from advertising, selling and market research; (LO2) critically compare foundational marketing theories and their explanatory limitations; (LO3) define a relevant market and evaluate environmental, competitive and institutional influences; (LO4) develop and defend an evidence-qualified segmentation, targeting and positioning decision; (LO5) design a coherent marketing strategy, mix, budget and accountable performance system; (LO6) compute and interpret addressable market, share, contribution, acquisition and retention indicators; (LO7) compare Rwandan

urban and nonurban approaches with international practice, identifying limits to transfer; and (LO8) evaluate digital and AI-mediated marketing against evidence, legal duties, privacy, fairness and sustainability.

The chapter proceeds from the intellectual meaning and evolution of marketing (13.1), through market boundaries and customer value (13.2–13.3), the segmentation–targeting–positioning architecture (13.4–13.5), planning and market offerings (13.6–13.7), organizational and relationship markets (13.8–13.9), research and measurement (13.10), responsibility (13.11), and market transformation (13.12). Sections 13.13–13.16 offer a documented Rwanda-based analysis, a reproducible decision case, cross-functional synthesis, research propositions, educator resources and references. Chapter 14 examines consumer psychology and research methods in greater specialist detail; Chapter 15 develops product, brand and pricing choices; Chapter 16 treats sales, distribution, communications and digital execution. Accordingly, this chapter establishes the strategic logic connecting those functions rather than reproducing their technical content.

13.0 INTRODUCTION: FROM A SALE TO A DEFENSIBLE MARKET PROMISE

A hypothetical Kigali producer of shelf-stable, nutritionally formulated breakfast porridge receives inquiries from a supermarket chain and community retailers in an adjacent province. Its commercial officer proposes one national advertising campaign. Its operations manager questions whether distribution costs and product-life requirements allow reliable replenishment in both locations. The finance officer sees different working-capital and credit risks; a consumer advocate asks whether product claims are substantiated and understandable in the languages actually used by buyers. An increase in orders could therefore coincide with declining cash, disappointed customers or misleading promises. The managerial problem is not simply to persuade more people to purchase. It is to discover which people experience a sufficiently important problem, determine what an enterprise can reliably deliver, and justify the exchange after its full costs and consequences have been considered.

The American Marketing Association (n.d.) defines marketing in terms of activities, institutions and processes for creating, communicating, delivering and exchanging offerings that provide value to customers, partners and society. This wide formulation is more analytically useful than reducing the field to publicity, although it raises an unresolved question: value for whom, assessed over what period, and at whose expense? A purchase can be legally voluntary yet poorly informed; a high price may generate margin yet exclude a population for whom the product was ostensibly designed; a favorable customer score may reflect convenient respondents and neglect those who could not access the service. Marketing requires economic, interpretive and normative judgments that no single metric can settle (Bagozzi, 1975; Vargo & Lusch, 2004).

For the purposes of this chapter, marketing is the accountable organization of market understanding, value-proposition choice, exchange architecture and customer relationships in pursuit of feasible enterprise purposes. Market orientation is an organizational capacity to generate and interpret intelligence about present and prospective customers, competitors and contextual changes; disseminate it across functions; and respond through coordinated decisions. This definition builds on Kohli and Jaworski (1990), Narver and Slater (1990), and Day (1994), but preserves a critical distinction between listening to expressed preferences and deciding which market opportunities ought to be pursued. Businesses may learn accurately what buyers want and nevertheless decline a demand where fulfilling it would be harmful, unlawful or economically unsustainable.

13.0.1 Research design, source selection and limits of inference

This is a critical, purposive secondary-source synthesis of seminal marketing scholarship, selected peer-reviewed empirical and review studies, primary Rwandan institutional releases and relevant legal guidance. Sources were chosen for conceptual distinctiveness, capacity to challenge rival explanations, authority for a stated empirical claim, and relevance to the approved twelve-section scope. Searches undertaken on 31 October 2026 used author–title checks and combinations of “market orientation profitability meta-analysis,” “segmentation market differentiation,” “customer value service dominant logic,” “relationship marketing commitment trust,” “marketing analytics attribution,” “AI marketing strategy,” “Rwanda 2022 census urban rural,” “EICV7 2023/24,” “FinScope

2024," "IBES 2024" and "Rwanda competition consumer protection 011/2026." Publisher records and official NISR, government and regulatory pages were prioritized over derivative summaries. This is not a systematic review or meta-analysis; there was no preregistration, exhaustive database screen, flow diagram of retrieved records, independent survey, interview or causal estimation.

Four inferential levels are deliberately distinguished. Theoretical scholarship explains possible mechanisms; individual empirical studies provide estimates conditional on research design and sample; national statistics characterize specified populations and periods; and the constructed marketing scenario teaches how assumptions affect decisions. The census counts people rather than customers of a specified category. FinScope reports financial-service access or use, not a percentage of persons who purchase via e-commerce. An enterprise survey describes business units under its statistical definition, not automatically a marketing channel universe. No causal effect or real-company profitability is attributed to these sources without an appropriate identification design. The illustrative calculations are fully disclosed for arithmetic replication; empirical replication of national estimates would require the survey data, weights, definitions and source documentation (National Institute of Statistics of Rwanda [NISR], 2024, 2025a, 2025c, 2026).

13.0.2 Three philosophical questions at the foundation of marketing

Marketing's *epistemological* problem asks what customer preferences, intentions and responses can justifiably be known from statements, transactions and interactions. Expressed preferences can differ from realized behavior, while transactions record only the actions of people who had a feasible opportunity to buy. Its *economic* problem asks which allocations and exchanges create a surplus net of resources and opportunity costs. Its *normative* problem asks which forms of persuasion, access, product claims, data use and distribution can be justified to consumers and other stakeholders. These problems intersect without collapsing into one another. A campaign may be experimentally effective but manipulative; an ethically commendable offer may be financially nonviable; a profitable market selection may depend on an erroneous estimate of willingness to pay.

The chapter's governing argument is that market orientation must be understood as an accountable system of inquiry and response. A firm is not more market-oriented merely because it stores more customer data or repeats the phrase "customer first." A more credible test asks whether evidence travels from real market problems through organizational decisions to verifiable outcomes, whether adverse signals can change strategy, and whether legitimate constraints remain operative. This view treats marketing as an enterprise function interdependent with operations, finance, governance, human resources, technology and strategy, consistent with the book's integrated enterprise perspective.

13.1 THE MEANING AND EVOLUTION OF MARKETING

13.1.1 Exchange, distribution and the historical development of the field

Marketing scholarship developed through attempts to explain distribution, exchange institutions, commodity flows, demand management and relationships. Early teaching frequently organized the field around commodities, the institutions moving them, and the functions required for trade. Mass production and expanding consumer markets encouraged a managerial focus on standardization, channels, mass communication and sales. Later work questioned whether managing products and promotional instruments adequately explained services, industrial networks, customer experience or long-term value. These perspectives coexist today: wholesale trade can demand rigorous physical distribution while a software service may depend principally on relational trust and continued use.

Bagozzi (1975) treats exchange as the intellectual center of marketing. Exchange is broader than a single monetary sale: parties may exchange resources, time, information, access, legitimacy or commitments. Nonetheless, not every interaction is a mutually advantageous bargain. Information asymmetry, dependency, discrimination and externalities can shape nominally voluntary transactions. A useful exchange analysis therefore asks who

participates, what each party gives up, what alternatives are feasible, and whether consequences are borne by nonparticipants. The classical managerial problem of finding demand becomes the wider institutional problem of sustaining credible and fair exchanges.

The history of the discipline also calls for care about what is being historicized. A sequence moving from production to selling and finally to customer orientation describes influential managerial ideals, not the actual organization of every economy or a linear law of progress. Market intermediaries, household exchange, cooperative trading and negotiated trust preceded modern corporate marketing departments and continue to coexist with sophisticated digital advertising. When marketing scholarship presents consumer choice as a property of mature market economies alone, it overlooks the long-standing institutional work of traders, producers and communities in making goods discoverable, comparable, transportable and credible. The appropriate historical unit may therefore be the marketing system, not simply the firm or campaign (Bagozzi, 1975; Sheth, 2011).

Modern business marketing inherited a further tension: its managerial vocabulary often presumes that an enterprise can choose its 'market' from outside, while market actors help constitute one another through standards, channels, consumer expectations and repeated interaction. A wholesaler that extends delivery routes changes which buyers can participate; a product standard changes what may credibly be claimed as comparable; and a payment interface changes the feasible terms of exchange. Marketing can thus be analyzed both as a set of managerial decisions inside an enterprise and as the institutional organization of exchanges beyond any single enterprise. Failure to distinguish the levels leads to overclaiming what an advertising department can control.

13.1.2 Production, product, selling, marketing and societal orientations

Textbook accounts commonly distinguish production orientation (availability and cost), product orientation (technical performance), selling orientation (persuasive conversion), marketing orientation (understanding and meeting market requirements) and societal or responsible marketing (longer-term stakeholder consequences). These labels are ideal types rather than a proven universal chronological sequence. Enterprises can simultaneously prioritize low unit cost, product reliability, customer insight and aggressive sales. Production efficiency is not obsolete in markets where reliable supply and affordability remain binding constraints. The defect arises when a managerial orientation becomes exclusive: a technically sophisticated product without a valued use, for example, or a sales target that rewards misleading transactions.

The marketing concept's normative appeal is that organizing activities around customer problems can discipline internally convenient but externally irrelevant decisions. Yet a business cannot simply maximize stated customer satisfaction: preferences differ, information is imperfect, some customers impose losses on others, and organizations must maintain solvency. Sheth (2011) argues that marketing concepts derived from industrialized markets may require reconsideration where infrastructure, informal competition, heterogeneous incomes and access limitations are consequential. Market orientation in such settings must include market development and the practical capacity to serve customers, not merely a richer set of preference measurements.

13.1.3 Competing explanations of market orientation

Kohli and Jaworski (1990) conceptualize market orientation behaviorally through organization-wide intelligence generation, dissemination and responsiveness. Its strength is operational visibility: managers can examine the procedures through which observations become decisions. Narver and Slater (1990) give greater emphasis to customer orientation, competitor orientation and interfunctional coordination as a culture of superior customer value. Their study of 140 business units found a positive association with profitability in its samples, but it cannot be generalized to every sector or treated as a universal intervention effect. Day (1994) recasts the discussion in capability terms, emphasizing market sensing and customer linking, thereby clarifying why cultural declarations are insufficient without organizational routines.

The rival emphases matter. A firm can collect customer feedback yet fail to share it with production; its behavioral market-orientation routines are deficient. Another firm may possess an admired customer-centric culture yet

neglect competitive cost structure; its strategic market understanding is incomplete. A third can process analytics efficiently but have no authority to change product specifications. Jaworski and Kohli (1993) find that organizational arrangements and interdepartmental relationships matter to market orientation, while their performance results do not amount to a simple market-share law. Kirca et al.'s (2005) meta-analysis finds a generally favorable relationship between market orientation and performance, with differences across research settings and measurement approaches. Self-reported performance and cultural context are not innocuous moderators; they call for stronger designs and careful transfer to African enterprises.

The explanatory competition among perspectives is clearest when a firm knows what customers report but repeatedly fails to adjust. The intelligence-processing model predicts weakness in dissemination or responsiveness; the cultural model predicts inadequate customer priority or interfunctional commitment; the capabilities account predicts absence of routines, complementary information or implementation skill. These diagnoses can be empirically separated. Researchers could trace when complaints were received, whether they reached the relevant decision maker, whether a feasible remedy was authorized, and whether the underlying capability existed. Survey items measuring managers' declared customer orientation alone are insufficient to establish which mechanism operated (Kohli & Jaworski, 1990; Day, 1994).

An additional concern is endogeneity. More profitable firms can fund superior market research, recruit experienced analysts and sustain better distribution, so a positive market-orientation–performance association may partly reflect reverse causation or omitted managerial quality. Differences between countries can also arise from survey translation, the selection of surviving firms and the meaning of performance measures. Kirca et al. (2005) synthesize cross-study evidence of association; their findings should not be turned into a numerical guarantee that a Rwandan enterprise will achieve a particular return by adopting an orientation scale. Morgan (2012) frames the more demanding question as the conditions under which marketing resources become capabilities, positional advantage and eventual financial performance. This mediating architecture is analytically stronger than asserting a direct, context-free link.

13.1.4 Relationship marketing and service-dominant logic

Grönroos (1994) criticizes the dominance of transaction-focused marketing-mix management for services and relationships. Morgan and Hunt (1994) propose commitment and trust as central mediators of successful relational exchange, testing their model among tire retailers. Their contribution lies in explaining why credible promises and cooperative behavior can matter beyond immediate price. The limitation is that continuity may also reflect lock-in, geographic exclusion or weak alternatives rather than freely sustained trust. Loyalty must therefore be interpreted alongside switching conditions and consumer welfare.

Vargo and Lusch (2004) advance service-dominant logic, proposing that economic exchange fundamentally involves the application of competencies for another's benefit and that value is co-created through resource integration and use. A sealed food package, for example, is not intrinsically valuable in the same way to every consumer: its value depends on preparation, convenience, nutrition, affordability and the user's circumstances. The perspective usefully challenges producer-centric assertions, but risks conceptual breadth if every successful outcome is redescribed as co-creation without specifying measurable mechanisms. Marketing inquiry must still identify who creates which contribution, who captures returns and when participation becomes burdensome rather than empowering (Prahalad & Ramaswamy, 2004).

Table 13.1. Principal marketing perspectives, mechanisms and empirical cautions

Perspective	Explanatory mechanism	Main managerial contribution	Critical boundary
Exchange theory (Bagozzi, 1975)	Reciprocal transfers among parties	Clarifies offering and counterparty value	Voluntariness need not imply fairness
Market orientation (Kohli & Jaworski, 1990)	Intelligence generation, diffusion, response	Links inquiry to cross-functional action	Routine counts do not establish response quality

Perspective	Explanatory mechanism	Main managerial contribution	Critical boundary
Cultural orientation (Narver & Slater, 1990)	Customer, competitor and interfunctional focus	Shapes shared priorities and trade-offs	Correlation with profit is context-dependent
Capability approach (Day, 1994)	Market sensing and customer linking	Reveals underlying skills and routines	Capabilities may be costly or difficult to imitate
Relationship marketing (Morgan & Hunt, 1994)	Commitment, trust and cooperation	Illuminates retention and partnerships	Retention may also represent coercive lock-in
Service-dominant logic (Vargo & Lusch, 2004)	Resource integration and value in use	Recognizes customer participation and context	Needs operational definitions for causal tests

Note. Authorial analytical comparison based on cited original sources. The categories are not mutually exclusive, and no ranking of effectiveness is asserted.

13.2 MARKETS AND THE MARKETING ENVIRONMENT

13.2.1 Defining a market without confusing populations with demand

A relevant market can be defined by customers, problems solved, substitutable offerings, geography, access channels and time horizon. “All households in Rwanda” is a population, not a demonstrated market for a particular porridge. Market definition should specify the use occasion, buyer and user, budget constraint, availability, substitutes and switching conditions. A consumer may choose between packaged porridge, maize flour, bread, cassava, home-prepared breakfast or skipping the meal. The competitive set depends on the job to be accomplished, not merely the product category in an enterprise's catalogue. For business-to-business purchases, users, purchasers and financial approvers may be distinct organizations or roles.

A disciplined market hierarchy separates the total potential universe from people realistically reachable with an appropriate offer, and from sales the enterprise can plausibly capture. In practice, total addressable market (TAM), serviceable available market (SAM) and serviceable obtainable market (SOM) are scenario constructs, not precise official statistics unless the category, denominator and estimation method are reported. Multiplying all residents by a speculative purchase rate does not constitute market research. TAM may express a counterfactual upper bound; SAM must reflect product-market and channel feasibility; SOM requires an evidence-based proposition about adoption, capacity and rivalry. Data uncertainty should travel through all three calculations.

Market boundaries also depend on which decisions the definition is intended to inform. A competition-law analysis asks whether customers can substitute among products in response to changes in trading conditions; an innovation study may include emerging alternatives not yet sold; a marketing investment appraisal asks whether the enterprise can reach and serve a group profitably. These boundaries may overlap but need not be identical. For packaged breakfast foods, a retail category defined solely by ready-made porridge may be administratively convenient while overlooking bakery foods or home-cooked substitutes that matter to household choice. Every estimate should therefore record its category rule and the consequence of expanding or narrowing that rule.

A practical demand model distinguishes population, eligible use occasions, distribution reach, awareness, trial, frequency and realized net purchase. Multiplication can be useful when the components are independently defensible, but it can obscure correlation: awareness may be high precisely where retail access is strong, while households that trial a product may be more likely than others to purchase frequently. Scenarios should consequently vary conversion and frequency jointly where the evidence warrants, rather than reporting one exact total that creates unwarranted confidence.

13.2.2 Competition, substitution and industry structure

The competitive environment includes incumbent rivals, substitute solutions, suppliers, buyers, possible entrants, channel intermediaries and complementors. Porter (2008) explains how rivalry and bargaining relations shape

potential industry profitability, but industry structure alone does not identify whether a given segment values the firm's offering or whether a particular enterprise has a cost or capability advantage. Conversely, an appealing customer problem does not guarantee appropriable returns when intermediaries control access, substitutes are close or imitation is easy. Hunt and Morgan (1995) interpret competition through comparative resources and capabilities, providing a useful bridge between market structure and heterogeneous enterprise responses.

Competitive mapping should record observable facts such as availability, price, pack size, claims, replenishment reliability and accessible channels. Perceptual positions inferred without customer evidence are hypotheses, not measured attitudes. In informal markets, competition may be unregistered or transacted through personal networks that commercial databases omit. Share estimates may be severely biased when the numerator records one firm's audited sales while the denominator excludes informal competitors. A market map is therefore a model of the competitive set, open to correction as procurement, customer and channel information accumulates.

13.2.3 Macro forces, institutions and exposure pathways

Economic conditions reach marketing through consumer real income, cost and availability of inputs, credit, employment, exchange rates and confidence. Social and demographic changes alter household composition, language use, mobility and service expectations. Technology changes search, comparison, transactions and fulfillment. Natural conditions affect agricultural availability and transport reliability. Law constrains claims, competition practices and personal-data use. These influences should be mapped to an operational decision rather than recited as an undifferentiated PESTEL list. The effect of an exchange-rate depreciation, for example, depends on imported inputs, rival pricing, buyer income and contract terms, not on its direction alone.

Rwanda's Law No. 011/2026 of 26 February 2026 on competition and consumer protection, published in the Official Gazette of 4 March 2026, is a relevant legal anchor for advertising and consumer transactions. The existence of statutory rules does not establish compliance by a named enterprise or settle how all implementing provisions apply. Rwanda's Law No. 058/2021 relating to personal data and privacy further requires marketers to treat customer-data operations as governed processing, not as an unlimited asset of the enterprise (Republic of Rwanda, 2021, 2026; Data Protection and Privacy Office, n.d.). A legal review should distinguish the text in force from regulator guidance, proposed reforms and cross-border rules rather than assuming one global standard.

Institutional effects on demand are not invariably direct or symmetric. A consumer-protection rule may increase administrative cost while also reducing uncertainty about product claims; an infrastructure upgrade may lower delivery cost yet intensify competition by enabling previously distant suppliers. Its outcome depends on the sequence of adaptation, sectoral conditions and enforcement credibility. The marketing analyst should specify whether a regulation is enacted and in force, what transactions it covers, whether guidance is binding, and which part of a customer promise it constrains. Treating regulatory compliance as an external box on a planning chart is inadequate where law changes what can legitimately be sold, advertised, stored or collected (Republic of Rwanda, 2021, 2026).

13.2.4 Environmental scanning as a decision system

Useful scanning begins with a question: what could materially alter demand, contribution, access, trust or permissible conduct during the planning horizon? Each signal requires a source, observation period, expected mechanism, manager responsible, threshold for action and alternative explanation. For example, an increase in mobile-money use may support an investigation of payment convenience, but it does not prove that online purchasing has become common or that customers can bear delivery charges. Channel viability is determined jointly by demand, payment, last-mile costs, dispute handling and service reliability.

Scanning becomes meaningful when observations are converted into falsifiable exposure statements. A retailer's report that customers are abandoning a package size could reflect declining real income, a new substitute, intermittent stock, changed quantities or a reporting error. A useful review would compare sales and availability by outlet, inspect rival specifications and ask whether switching is concentrated in locations with altered distribution

conditions. Managers should set a minimum evidence threshold before attributing a trend to consumer preference, especially when the proposed response would commit substantial inventory or promotional expenditure. Repeated signals matter when their measurement and provenance are credible, not because a dashboard contains many indicators.

For enterprises with limited analytical staffing, the process need not be technically elaborate. A monthly source log can record whether a finding comes from a customer statement, a verified transaction, a supplier announcement, an official release or a model prediction. Operations can then estimate feasible response times, finance can identify cash exposure and management can decide which uncertainty justifies a low-cost test rather than irreversible investment. Such a register preserves the spirit of organizational intelligence without pretending that all inputs have equal authority (Kohli & Jaworski, 1990; Day, 1994).

13.3 UNDERSTANDING CUSTOMER NEEDS AND VALUE

13.3.1 Needs, wants, demand and willingness to pay

A need denotes a condition or problem that people seek to address; a want is a context-shaped preference for a particular solution; demand is a willingness and ability to obtain an offering at relevant terms. These categories should not be rigidly separated into supposedly universal lists. Food security is a serious need, but choices of grain, preparation method, package size, timing, location and transaction medium depend on institutions and household practices. Willingness to pay is a conditional valuation influenced by budget, available alternatives, expectations, information and perceived risk. Its measured level can change with survey wording, actual payment requirements and the distribution of purchasing power.

Marketing should distinguish buyers, users, gatekeepers, influencers and those who bear costs. A parent may buy for children; a school may procure meals with public resources; a cooperative may aggregate orders for members. Observing the purchaser's expressed preference does not necessarily reveal beneficiaries' experiences. In business markets, the lowest invoice can impose substantial costs on service users if delivery is unreliable. The appropriate unit of customer analysis is therefore a specified decision process and use context, not a fictional universally rational buyer (Lemon & Verhoef, 2016).

13.3.2 Functional, economic, experiential and social value

Customer value can involve reliable function, time savings, convenience, dignity, enjoyment, status, social relationships and risk reduction. Price is only one sacrifice. Search time, travel, waiting, learning, repair, uncertainty and disposal may matter more in some segments. A simple illustrative customer-value inequality is **perceived relevant benefits > perceived total sacrifices**, conditional on credible information and feasible alternatives. This is not an objective cardinal measure: different people attach different meanings and weights to the components, and marketers should not infer that satisfaction gives them access to an individual's entire welfare function.

Value creation, value capture and value distribution must be separated. A low-cost product can provide consumers meaningful surplus while leaving a distributor with negative contribution after spoilage and travel costs. A high-margin product can reward shareholders while imposing waste disposal costs on communities. Service-dominant logic encourages examination of value in use, but economic viability still requires identifying who pays, when and how contractual and noncontractual obligations are fulfilled (Vargo & Lusch, 2004; Prahalad & Ramaswamy, 2004). Responsible marketing evaluates the entire exchange architecture rather than the slogan attached to the package.

Woodruff (1997) approaches customer value through the customer's desired attributes, consequences of use and underlying purposes. This hierarchy helps explain why ostensibly similar offers may solve different problems: one buyer values a low immediate payment, another predictable availability, and an institution may prioritize nutritional documentation or reliable procurement records. The approach is not a warrant to assign objective monetary weights to all dimensions. Meanings are situated, and evidence about a customer's experienced value

should be collected at the appropriate time, especially where the cost of a poor purchase becomes visible only after use.

A related philosophical distinction concerns preference satisfaction and welfare. Preference-based models are useful for inferring trade-offs from choices under assumptions about information and feasible alternatives. They become morally incomplete when observed purchases are made under coercion, severe informational asymmetry or absence of credible alternatives. Neither the enterprise nor the researcher can infer that every revealed preference expresses fully informed autonomous endorsement. A rigorous account uses market behavior as evidence about choices made under constraints, then examines what constraints and third-party impacts the transaction leaves unmeasured (Baker et al., 2005; Laczniak & Murphy, 2019).

13.3.3 Methods of learning about customer problems

Qualitative observation, complaint records, interviews, ethnographic work, diaries, customer-journey mapping, purchasing records and experiments answer different questions. A small number of interviews can reveal previously unrecognized frictions but cannot establish national prevalence. Transaction records reveal realized actions among reachable buyers, not preferences among excluded households. A structured survey can estimate stated patterns under sampling and question-validity assumptions, while an appropriately randomized experiment can estimate the effect of a specific intervention in a defined population. The methodology of research design belongs principally to Chapter 14 and the book's Chapter 4; here the key requirement is fit between decision and evidence.

The customer journey connects search, evaluation, access, purchase, delivery, consumption, support and possible repurchase. Each stage creates expectations that another function must satisfy. Lemon and Verhoef (2016) describe the multi-touchpoint and temporally extended nature of customer experience. This perspective challenges a sales funnel that ends at conversion. A product claim made before purchase can increase orders while generating later complaint, refund and trust costs. Measuring the whole experience helps distinguish immediate revenue from sustainable demand.

13.3.4 Whose needs are not visible?

A central ethical and methodological difficulty is selection. Customers with internet access, bank accounts and favorable location characteristics are often easier to observe, while people facing disabilities, limited literacy, low incomes or rural distances may be absent from digital traces. A business model optimized only for observed buyers can reinforce exclusion while producing apparently impressive conversion metrics. In Rwanda, the urban–rural distribution and variations in multidimensional poverty provide reasons to test differentiated delivery and communication requirements, not grounds for stereotyping individual households (NISR, 2025b, 2025c). Ethical market intelligence requires testing whether the research frame systematically omits those affected by the enterprise's choices.

13.4 SEGMENTATION AND MARKET SELECTION

13.4.1 Segmentation as a hypothesis about meaningful heterogeneity

Segmentation partitions a defined market into groups expected to differ in the benefits they seek, barriers faced, responses to an offering or economics of service. Smith's (1956) account places heterogeneity at the core of alternative approaches to product differentiation and market segmentation. Segmentation is not an end in itself: it is worthwhile only when distinctions improve a consequential decision. A demographic split that produces no difference in need, reachable channel or economic response adds complexity without managerial value.

Geographic segmentation may reflect transport access, density, climate and retail structure; demographic segmentation may describe life stage and household size; behavioral segmentation may capture use occasion, purchase frequency or benefits sought; psychographic segmentation may explore values or lifestyle with particular

measurement caution; and organizational segmentation may use firm sector, size, procurement procedure, risk tolerance or required service levels. None should automatically be treated as a stable essence of the person. Data-based clusters can be sensitive to algorithm choice, selected variables, standardization and sample frame. Segment descriptions must remain testable rather than self-confirming narratives.

13.4.2 Conditions for a useful segment and the danger of proxy variables

A useful segment should be identifiable, sufficiently differentiated, potentially accessible, economically consequential and actionable with the firm's capabilities. Long-term stability matters where major investments cannot easily be reversed, but overly static segments can conceal changing needs. Formal market surveys provide stronger population descriptions than a convenience sample of social-media followers, yet even official surveys may lack the product-specific variables required to infer purchase probability. Marketing should attach confidence ranges, validation stages and explicit “unknown” labels rather than report false precision.

Segmentation can also repackage inequality as a marketing opportunity. Income, residence and digital access may predict response partly because they proxy unequal services or historical exclusion. Using them to allocate scarce commercial effort may be economically defensible under specified constraints, but exclusion from essential products, unfair treatment or use of sensitive traits requires a separate legal and ethical assessment. An enterprise can design inclusive channels, accessible pack sizes or alternative payment arrangements without assuming every segment is equally profitable. Distinguishing an explanatory predictor from a morally legitimate targeting criterion is indispensable.

A segmentation model also requires temporal validation. The same person may occupy different segments across occasions, such as purchasing economical staples for a household yet premium products for an institutional event. Static labels can therefore overstate persistence. If segments were derived from a small retailer convenience sample, their prevalence and profitability must not be extrapolated to a national population without a sampling bridge. Segment stability can be examined by repeating the classification after a suitable interval and testing whether it continues to predict meaningful, out-of-sample differences in needs, channel use or contribution.

The ethical challenge is not solved by simply removing protected characteristics. Postal area, device type, transaction time and spending history can act as proxies for economic vulnerability, disability or uneven infrastructure. The analyst should examine how an apparently predictive variable arose, whether the resulting exclusion is necessary for a legitimate business purpose and what less harmful access architecture is feasible. Statistical predictiveness, commercial desirability and moral legitimacy are separate judgments, even when they concern the same variable (Baker et al., 2005).

13.4.3 From segmentation evidence to market selection

Market selection compares segments using consistent criteria: size or opportunity, problem intensity, contribution after service cost, access costs, competitive pressure, capacity requirements, growth uncertainty, regulatory feasibility, stakeholder effects and strategic fit. A weighted attractiveness score can facilitate discussion but should never conceal red-line obligations. If a segment's access strategy violates safety requirements, no high market-size score may compensate. Moreover, criteria are often correlated: urban density affects both channel cost and potential reach, so adding their scores risks counting one advantage twice.

A defensible selection decision presents a baseline option, at least one alternative, the assumptions that would reverse preference, and a phased way to gather more evidence. The best first target need not be the largest segment. An enterprise with limited working capital may choose a smaller segment with repeat orders and reliable payments while keeping a measured pathway to broader access. Conversely, exclusive concentration on wealthy buyers may sacrifice learning and legitimate social benefit. The decision is strategic, not merely numerical.

13.5 TARGETING, POSITIONING AND DIFFERENTIATION

13.5.1 Targeting strategies and resource constraints

Undifferentiated targeting uses a relatively common offering across a broad market; differentiated targeting adapts the offer for several groups; concentrated targeting focuses limited resources on one group; and individualized approaches tailor responses more granularly. These are contingent architectures, not a hierarchy in which personalization is always superior. Adaptation can improve fit but increases inventory complexity, communication costs and measurement burdens. Standardization may improve reliability and access. Sheth (2011) cautions against importing segmentation orthodoxy where market development, affordability and infrastructure are decisive.

A practical targeting memorandum should identify the customer problem, evidence supporting a distinct response, reachable channel, minimum contribution, feasible scale, required operational adaptation, rejected segments and indicators that would trigger revision. Its analytical strength comes from traceability between observed needs and chosen commitments. A firm that targets remote consumers with a reliability promise must also secure delivery capabilities; marketing cannot legally or ethically outsource responsibility for the truthfulness of the promise.

13.5.2 Positioning as a comparative, credible claim

Positioning concerns the distinctive place an enterprise seeks to occupy in the minds and choice situations of selected customers relative to alternatives. It is a proposed relationship between customer problem, frame of reference, differentiating benefit and credible reason to believe. A working structure is: “For [defined segment and occasion], [offering] provides [specific benefit] compared with [relevant alternative], because [verifiable evidence and capability].” The statement is a design hypothesis. Its truth depends on evidence that the benefit matters to buyers and can be delivered consistently.

A perceptual map may illustrate believed differences along two selected attributes, such as unit affordability and replenishment reliability. Without actual customer ratings, points are managerial hypotheses, not empirical positions. Dimensions may miss the most important decision criteria or create an illusion that consumers share one perceptual space. Where competing offers are nearly indistinguishable, meaningful differentiation may come through availability, customer care, warranties, total cost, language accessibility or fair contracting rather than visual brand symbolism alone. Substantive product and pricing engineering are treated in Chapter 15.

Positioning should be tested at the level of a choice situation rather than judged from the elegance of its wording. An enterprise might ask buyers to compare two fully specified offers at observed retail prices and delivery conditions, then examine which attribute drives preference and which perceived claims prove inaccurate. This provides more informative evidence than asking respondents whether they generally value quality, affordability and convenience, because few consumers oppose those ideals in the abstract. The relevant task is to discover their actual trade-offs when several desired attributes cannot all be maximized.

Differentiation is also vulnerable to imitation and deterioration. A delivery advantage can vanish when competitors increase route frequency; a perceived ethical advantage becomes fragile when the supplier cannot trace relevant practices. Positioning strategy therefore needs an explicit credibility mechanism, such as audited product specifications, monitored service reliability or enforceable redress, as well as a time horizon over which the firm can maintain that distinction. A slogan lacking such a mechanism is promotional aspiration, not a defensible market position (Day, 1994; Morgan, 2012).

13.5.3 Positioning, brand promise and operational proof

A positioning claim is only as credible as the system behind it. A supplier advertising same-day delivery requires stock visibility, approval authority, dispatch capability and exception handling. A nutritious-food claim requires appropriate substantiation and quality controls. A community-oriented claim needs evidence about suppliers and

business conduct. The relationship between promise and performance creates a feedback loop: marketing influences demand, demand stresses operations, delivered experience influences trust, and trust affects future demand. This is why market orientation belongs to the entire enterprise rather than to a communication department (Day, 1994; Homburg et al., 1999).

13.6 MARKETING PLANNING AND STRATEGY

13.6.1 Strategic logic: diagnosis, choice, action and adaptation

A marketing plan translates enterprise direction into market-facing choices across a defined horizon. It should state the decision problem, market and customer evidence, selected segments, defensible positioning, measurable objectives, chosen offer and channel architecture, resources, owners, constraints and revision schedule. Planning is not equivalent to forecasting because forecast errors will occur; a good plan specifies contingency responses to them. It should also document plausible rejected alternatives, preventing retrospective claims that every successful outcome was planned.

Marketing objectives require construct clarity. “Increase brand awareness” may be a legitimate intermediate objective when informed trial is the bottleneck, but it does not establish that customers benefited or that enterprise contribution improved. Objectives can distinguish reach, qualified inquiries, trial, repeat use, margin, complaint resolution and legitimate social access. For each target, record the baseline, denominator, observation period, data source, decision owner and potential perverse incentive. A sales target without gross margin or returns data can reward unprofitable growth; a lower acquisition-cost target can incentivize lower-quality leads.

Figure 13.1. Marketing strategy as an evidence-and-response cycle



Note. Original authorial synthesis based on market-orientation and marketing-accountability literature (Kohli & Jaworski, 1990; Day, 1994; Rust et al., 2004).

13.6.2 Resource allocation and opportunity cost

Marketing expenditure competes with product quality, worker training, working capital and distribution capacity. The relevant criterion is not simply the gross revenue attributed to a campaign but its incremental contribution after variable, service and program costs, subject to financing and ethical constraints. Budget choices can use marginal return comparisons where credible response functions exist; otherwise, controlled pilots and scenario ranges are preferable to arbitrary confidence. An additional RWF 1 million spent on advertising may be inferior to strengthening stock availability if customers already seek the product but repeatedly encounter shortages.

Marketing-mix effectiveness is interdependent. Promotional spending can raise demand beyond capacity, worsening delivery and retention. A price discount may increase order counts but destroy contribution if fulfillment has high fixed-route costs. A low-cost digital channel may generate leads that never convert because customers cannot inspect the product or rely on delivery. Economic appraisal must therefore use a systems boundary large enough to include foreseeable cross-functional consequences (Rust et al., 2004).

The connection to enterprise value merits a formal causal chain. Srivastava et al. (1998) distinguish market-based assets, such as customer and channel relationships, from the cash-flow consequences through which those assets might matter financially. The financial channels include earlier receipt of cash, greater or more durable cash flows, reduced vulnerability and credible residual value. These propositions connect marketing with finance but remain contingent: acquiring a customer database that is inaccurate, unlawfully obtained or too costly to maintain cannot be presumed to create an asset of positive net value. Marketing should account for its effects on both operating contribution and the timing and risk of cash collection.

A budget appraisal can therefore compare the incremental net present values of alternatives rather than equate expenditure with performance. If a promotional intervention brings future contribution forward but creates additional receivables, the company must finance the time difference. If channel development improves reliability and repeat purchase while requiring upfront fixed investment, a single-quarter campaign comparison understates its potential effect. Conversely, attributing every later repeat order to the original campaign would overstate its value. Where data cannot separate effects credibly, management should report ranges and the evidence needed to narrow them rather than manufacture precise marketing return-on-investment figures (Rust et al., 2004).

13.6.3 A minimum viable marketing governance process

In smaller enterprises, a founder may conduct marketing without specialist employees. Governance nonetheless requires explicit evidence and responsibility. A practical monthly review should reconcile order data with payments, quantify contribution by segment, inspect claims and complaints, distinguish repeat from first-time purchasers, and review capacity and cash requirements before authorizing expansion. An enterprise with greater scale may formalize a marketing steering committee involving operations, finance, customer service, legal or compliance, technology and management. The point is not organizational ceremony but the ability to challenge a marketing proposal when its costs or claims are incomplete.

Decision rights should follow the consequence of error. Routine edits to a factual outlet directory can be delegated to trained sales staff; nutritional, financial or environmental claims may require independent specialist verification before public release; a substantial budget commitment must be tested against liquidity and authorized under the enterprise's financial controls. A governance arrangement is effective when staff can stop a misleading campaign, not merely report after its completion. In a small enterprise, the same manager may hold several formal roles, making documented challenge from an independent adviser or qualified reviewer particularly valuable.

A decision record should retain the question considered, evidence available at the time, assumptions rejected or retained, interested parties, authorization, the next review date and the observed result. This is proportionate institutional memory rather than bureaucracy for its own sake. It also prevents the familiar hindsight error in which managers describe a successful campaign as inevitable while concealing the uncertainty visible before it was launched.

Table 13.2. Marketing strategy-to-evidence decision register

Decision element	Minimum evidence or assumption	Cross-functional responsibility	Revision trigger
Target segment	Problem, feasible reach, segment boundaries	Marketing; research; operations	Weak repeat trial or excluded relevant customers
Value proposition	Differentiating benefit and proof	Product; quality; marketing	Claims disputed or quality falls
Channel	Cost-to-serve, accessibility, dispute handling	Sales; logistics; technology	Failed deliveries or disproportionate cost
Campaign budget	Incremental contribution scenarios	Marketing; finance	Contribution below approved threshold
Customer data	Purpose, legal basis, retention and rights	Technology; compliance; marketing	Data incident or unlawful use concern
Performance review	Denominators, comparator, owner, method	Finance; analytics; governance	Data disagreement or metric gaming

Note. Original authorial decision instrument. Criteria are illustrative management controls, not a certification standard or legal checklist.

13.7 THE MARKETING MIX IN GOODS AND SERVICES

13.7.1 The four Ps as a coordination instrument

The familiar product, price, place and promotion framework provides a compact vocabulary for coordinating an offering. Product specifies the benefits and performance promised; price addresses the payment and financial conditions of exchange; place concerns access, distribution and availability; promotion concerns truthful information and the means through which an offer is made known. These categories should not be treated as independent levers. Changing pack size affects perceived affordability, handling cost, shelf space, margin and inventory. Altering delivery location affects both customer convenience and the total price of access. The four Ps are therefore most useful as a consistency test, not as a complete theory of markets.

The framework has limitations. It is supply-side and managerial in emphasis, can portray consumers as passive recipients, and fits recurring physical goods more readily than relational services or public purposes. Grönroos (1994) and Vargo and Lusch (2004) emphasize service processes, relationships and value experienced through use. A pragmatic response is not to discard mix decisions but to situate them inside customer problems, market institutions and operational capacities. Detailed brand, assortment and pricing decisions belong to Chapter 15; sales and communication mechanics belong to Chapter 16.

13.7.2 Services, process and evidence

Service marketing often adds people, process and physical evidence to the four Ps. People includes staff and users who shape interactions; process covers the sequence, waiting time and recovery arrangements through which service is delivered; physical evidence concerns observable cues by which customers infer quality before or during an intangible service. For a Rwandan repair service, appointment reliability, clear estimates, technician competence and documented completion may matter more than an attractive advert. For a digital payment provider, transaction security, dispute resolution and accessibility are essential components of customer experience rather than merely backstage operational details.

Service encounters reveal the problem of heterogeneous quality. Customers may receive different outcomes from formally identical offerings because tasks vary, staff exercise judgment, and service failures involve multiple providers. Quality measurement should therefore combine reliability, outcome evidence, complaint resolution and customer perspectives rather than infer objective excellence from one satisfaction item (Boulding et al., 1993). The

enterprise may standardize basic safeguards while preserving discretion to respond to legitimate exceptional needs.

Services are often experienced as sequences of commitments rather than isolated transactions. A buyer may judge a repair provider first from the clarity of its diagnosis, then from the accuracy of its quotation, the care taken with property, the timing of completion and the fairness of subsequent remedy. This temporal sequence makes process failures part of the offering itself. It also complicates measurement: a high average satisfaction rating can conceal a small number of severe failures, while an improved complaint count may reflect withdrawal of an accessible reporting channel rather than better service.

The extended marketing mix consequently has to be interpreted relationally. Employees cannot deliver responsive care if staffing allocations make promised response times impossible; digital interfaces cannot provide credible evidence if transaction histories are inconsistent; and apparently impressive premises may suggest competence without establishing the quality of an intangible outcome. The marketing plan should specify a service blueprint at a level suitable for the decision, identify handoffs and exception ownership, and test the promise with actual task times. Specialist workflow engineering belongs to the operations chapters, but marketing must ensure that its service proposition is operationally representable.

13.7.3 Coordinating the mix under affordability constraints

In price-sensitive markets, reducing the nominal price is only one route to affordability. Smaller pack sizes can reduce immediate cash requirements but may increase the price per unit and packaging waste. A shared distribution point can lower logistics cost but increase customer travel. Agent networks can improve access but introduce commissions and fraud risks. Communication in accessible language can reduce mistaken purchases. Marketing evaluates these trade-offs with finance and operations rather than assuming a universal optimal product. The correct affordability measure includes quantity, quality, timing, access costs and financial risk to the buyer.

The distinction between immediate outlay and unit price can be demonstrated with a hypothetical packaged good of unchanged quality. A 200-gram pack sold for RWF 550 costs RWF 2,750 per kilogram, whereas a one-kilogram pack sold for RWF 2,300 costs RWF 2,300 per kilogram. The smaller pack reduces cash needed for one purchase but increases the unit-equivalent price by approximately 19.6%. Whether this is desirable depends on consumption patterns, preservation, cash timing and alternatives; the numbers are invented and do not describe actual Rwandan prices. The ethical obligation is to communicate quantities and unit comparisons intelligibly rather than equate a smaller nominal price with greater overall affordability.

The mix must also be examined for environmental and distributive consequences. Smaller packs may create additional packaging per kilogram; transporting supplies to a central collection point can reduce distributor expenses while imposing time and travel costs on customers. If a market selection concentrates only on easily served outlets, an enterprise may improve its accounting contribution while worsening access for some intended beneficiaries. The proper analysis makes those costs visible and explores feasible alternative designs rather than hiding them in a generic claim of customer-centricity.

13.8 BUSINESS-TO-BUSINESS AND PUBLIC/NONPROFIT MARKETING

13.8.1 Organizational demand and the buying center

Business-to-business (B2B) marketing concerns exchanges in which organizations obtain inputs, capital items, services, information or partnerships for further productive or institutional purposes. Organizational buyers often assess the total cost of ownership, service continuity, technical compatibility, supplier credibility, contractual risk and capacity to adapt. Demand can be *derived*: a packaging supplier's orders depend on downstream food sales and its customers' inventory policies. A fall in consumer sales may therefore be transmitted disproportionately through

inventory reductions to upstream producers. This cannot be understood simply by surveying the preferences of the person signing the purchase order.

Organizational buying commonly involves initiators, technical users, financial approvers, procurement officials and risk or compliance gatekeepers. Their criteria may conflict: engineers prioritize reliability, finance prioritizes cash, users prioritize convenience, and procurement prioritizes defensible process and supplier eligibility. The buying center is a conceptual model of decision roles rather than a claim that every organization has identical committees. A small owner-operated shop may combine roles in one person; a public hospital may require several formally separated authorizations. Effective B2B marketing identifies the legitimate problem and decision rights of each role while respecting anti-corruption and procurement requirements.

13.8.2 Relationship exchange, key accounts and channel power

Long-term supplier relationships may reduce coordination costs, improve problem solving and support joint innovation. Morgan and Hunt's (1994) account explains why trust and commitment can improve cooperative outcomes; Day's (1994) customer-linking capability adds the organizational routines needed to retain that trust. Yet dependence can produce hold-up or exclusion. A supermarket may demand unfavorable payment terms from a small supplier, while a specialist supplier may exploit the buyer's switching costs. Relationship quality cannot be measured merely by duration or contract renewal; it also requires examining bargaining alternatives, mutual information, fulfillment and the distribution of risk.

In Rwanda, a processor seeking institutional or retail supply agreements should document unit specifications, batch traceability, lead times, returns, payment timing and complaint responsibilities before treating a signed purchase order as realized economic value. Distribution partners create access and operational risk simultaneously. Public procurement adds requirements of transparency, equal treatment and documented selection. The general marketing principle is to communicate genuine supplier capabilities and facilitate fit; the institutional procedure governing any particular tender belongs to the relevant procurement and legal framework, not a marketer's discretion.

13.8.3 Public, nonprofit and social-purpose markets

Marketing also helps public institutions, nonprofits and social enterprises understand beneficiaries, reduce participation barriers, explain legitimate services and assess whether intended users obtain value. The exchange is often indirect: a donor or government funds a service consumed by another group, and success cannot be inferred from revenue. A public health campaign may seek informed behavior rather than a sale; a university may have students, employers, funders and a wider public as distinct stakeholders. In such situations the terminology of customers requires care, because beneficiaries may possess rights that should not depend on purchasing capacity.

A coherent noncommercial marketing plan specifies the desired public or mission outcome, ethical boundaries, beneficiary involvement, service quality, delivery cost and measurement method. Counting event attendance or digital impressions is rarely a sufficient outcome measure. Organizations should ask whether access improved for the intended population, whether information was accurate and understandable, and whether the intervention displaced other valuable services. The challenge is not to convert public purpose into private profit logic, but to adapt market understanding and responsible communication to institutional objectives.

Nonprofit and public-sector marketing is especially susceptible to goal displacement if managers select measures primarily because they are easy to publicize. A university may attract more applicants with an appealing campaign while admitting students whose preparation does not match the programme. A health agency may improve message recall without changing harmful behavior; a charitable program may increase beneficiary registrations without establishing the quality of support. The distinction between outputs, intermediate outcomes and substantive mission outcomes must therefore be maintained throughout the marketing design. A funder's preference is material but cannot automatically replace the interests or rights of the people served.

Where different parties finance, authorize and use a service, marketing has to model several simultaneous accountability relationships. The same message can be informative to a donor but misleading to a beneficiary if it emphasizes aggregate success without practical eligibility conditions. The ethical solution is not to forbid persuasion in public-purpose institutions; it is to connect evidence, mission, accessible communication and the recipient's capacity to question and refuse.

13.8.4 Comparative institutional implications

Global key-account systems and customer relationship management (CRM) software can improve coordination where organizations possess stable client identifiers, formal purchasing systems and reliable databases. In African informal networks, contracts and customer identification may be less standardized, while personal relationships and mobile communications may carry greater weight. The proper response is neither to romanticize informal trust nor to require a complex multinational architecture of every SME. A basic, permission-respecting customer ledger, documented promises, reliable invoicing and an effective grievance route may deliver more useful market orientation than a high-cost technology suite (Sheth, 2011; Payne & Frow, 2005).

The relevant international lesson is consequently one of functional equivalence rather than technological resemblance. A customer-relationship system can be a sophisticated integrated platform, an accurate paper register or a permission-respecting mobile ledger. Each may support the same limited managerial purposes, such as recalling delivery promises or tracing unresolved complaints, under different cost and infrastructure conditions. The analyst should compare completeness, error rates, rights protection, staff burden and the speed with which information leads to corrective action. Purchase of software is not a suitable surrogate for these outcomes (Payne & Frow, 2005).

13.9 RELATIONSHIP AND RETENTION MARKETING

13.9.1 Acquisition, retention and the life-cycle of the customer relationship

Acquisition is the process of attracting and converting eligible new buyers; retention concerns continued purchasing or use over a defined interval; development concerns deepening mutually valuable relationships where appropriate; and recovery involves remedy following service failure. These are distinct economic processes. A firm can improve its acquisition rate while losing its established customers because service deteriorates. A retention campaign can preserve unprofitable transactions by distributing discounts to customers who would have returned anyway. Marketing therefore needs cohort-based tracking and a defensible counterfactual rather than treating repeat purchase as a universal good.

Relationship marketing does not license indefinite use of personal data or pressure on customers to remain. Genuine loyalty is compatible with reasonable exit and honest alternatives; coercive lock-in is not equivalent to trust. Retention mechanisms vary: consistent product quality, convenient access, fair handling of complaints, credible warranties and mutual adaptation may sustain choice. Incentive points can alter behavior temporarily but are vulnerable to breakage, complexity and perceived manipulation. The analytical focus should be the customer's continued value and the enterprise's incremental contribution, not the number of contacts stored in a CRM database (Morgan & Hunt, 1994; Payne & Frow, 2005).

13.9.2 Customer lifetime value: derivation, meaning and limitations

Customer lifetime value (CLV) estimates the present value of future contribution generated by an acquired customer under defined retention, margin and discount assumptions. In a simple stationary model, let m be expected contribution per active period after relevant variable servicing costs, r the conditional probability of remaining active from one period to the next, d the per-period discount rate, and A the acquisition cost paid immediately. If first contribution occurs at period 1 and retention is independent across periods, the discounted expected contribution stream is CLV = Σ from t = 1 to infinity of $[m\ r\text{^}(t-1)/(1+d)\text{^}t] - A = m/(1 + d - r) - A$, provided $r < 1 + d$. The formula is pedagogical, not a universal property of customers: it assumes stable

contribution, stable retention, an unbounded horizon, no contractual variation and appropriate treatment of service costs.

Consider an explicitly hypothetical monthly subscription-like service with contribution m = RWF 6,000 per active customer per month, retention probability r = 0.80, monthly discount rate d = 0.01 and immediate acquisition cost A = RWF 12,000. Then CLV = 6,000/(1.01 − 0.80) − 12,000 = RWF 16,571.43. If retention falls to 0.70, CLV = 6,000/0.31 − 12,000 = RWF 7,354.84; if it rises to 0.90, CLV = 6,000/0.11 − 12,000 = RWF 42,545.45. These results demonstrate the model's sensitivity to retention assumptions, not a prediction about Rwandan consumers. The monthly discount rate is not inferred from a national interest rate and should be calibrated to the actual project risk and financing convention.

CLV is especially vulnerable to selection and attribution bias. Repeat customers may have lower acquisition costs and higher observed margins because of unobserved characteristics rather than a retention intervention. Historical retention is not a fixed behavioral law, particularly when economic conditions or competitive offers change. Negative externalities and customer welfare are not monetized in conventional CLV. Nor is aggregate CLV automatically shareholder value: capital needs, fixed costs, tax, risk and overlapping cohorts may remain. Gupta et al. (2004) demonstrate the financial relevance of customer valuation but also underscore why valuation methods must align with the business model and data actually observed.

The stationary CLV expression is an expected discounted contribution, not an empirical fact about any one customer. It assumes that each customer who remains active has identical expected contribution and the same constant conditional retention probability. In many product categories these conditions are unlikely: purchase frequency varies with season and income, retention changes with service reliability, and advertising or incentives affect both acquisition and servicing cost. A more appropriate cohort model can replace fixed m and r with period-specific expected contributions and survival probabilities, discounting each cohort's cash flows to the acquisition date. It should also separate uncertainty in customer counts from uncertainty in the money obtained from each purchase (Gupta et al., 2004).

The interpretation of 'lifetime' requires particular caution for household essentials. A calculated high CLV does not justify efforts to make departure difficult, obscure information or pressure financially vulnerable consumers. There is no ethical obligation for a customer to maximize a supplier's expected revenue. CLV serves a legitimate managerial purpose when it helps the enterprise avoid economically irrational promotions and preserve service quality, while consumer rights, fair exit and truthful communications remain prior constraints.

13.9.3 Complaint resolution, trust and relational accountability

Complaint handling provides a particularly revealing test of market orientation. A management team may record the number of complaints resolved while overlooking time to resolution, recurrence, severity or whether customers consider the remedy fair. A credible process identifies the problem, verifies the transaction, provides a proportionate remedy, corrects root causes and communicates outcomes without retaliation. For a distributor, damaged goods may reflect packaging, storage, transport, inaccurate promotional description or deliberate substitution. Assigning every complaint to the frontline salesperson destroys the information required to correct the system.

Trust should be measured through behavior and substantiated experience in addition to attitudes. A relationship may persist because consumers have no nearby alternative; an account may be “active” through a tiny periodic transaction; a response to a satisfaction survey may be inflated by courtesy or fear of negative consequences. Customer experience research emphasizes the combined influence of multiple contacts and functions (Lemon & Verhoef, 2016; Homburg et al., 2017). Accordingly, retention analysis should include accessibility, complaint fairness and meaningful options to leave.

13.10 MARKETING INTELLIGENCE AND ANALYTICS

13.10.1 An intelligence system rather than a dashboard

Marketing intelligence combines internally generated records, customer and competitor observations, external statistics, targeted research and managerial interpretation. Its purpose is to reduce uncertainty for a defined decision, not to accumulate a comprehensive archive of personal behavior. An evidence system distinguishes transactional facts, survey measures, derived scores, model outputs and managerial inferences. It also records coverage, missingness, denominator definitions and the time interval for each measure. The marketing department may own market questions, but operations, sales, finance, customer service and technology determine much of the underlying data quality (Wedel & Kannan, 2016).

An exemplary market dashboard separates leading process indicators (availability, qualified reach, response time), intermediate customer indicators (trial, observed repeat, complaint rate) and economic or mission outcomes (incremental contribution, accessible service, customer welfare). Each measure requires a method and owner. “Reach” should identify whether the platform reports unique people, accounts or impressions. “Conversion” must define a qualifying event and denominator. “Market share” requires a credible category definition and industry denominator. “Customer lifetime value” must specify gross or contribution margin and discount assumptions. Presenting mixed definitions as comparable Key Performance Indicators (KPIs) is a substantive measurement error, not merely a formatting defect.

13.10.2 Ratios and the interpretive limits of performance measures

Basic volume market share equals focal-firm units sold divided by total category units sold in the same market and period. Revenue share instead uses monetary sales, so the two differ when relative prices change. Customer acquisition cost (CAC) equals eligible incremental acquisition expenditures divided by the number of newly acquired qualifying customers during an appropriately aligned period. A simple retention rate equals customers present at the end of a period who were also present at its beginning, divided by the beginning cohort; new customers should not be counted in that numerator. Return on marketing investment has multiple industry definitions, so any calculation must disclose whether the numerator is attributed revenue, incremental gross profit or incremental contribution net of campaign spend (Rust et al., 2004).

For a hypothetical category with 80,000 units sold in one quarter, a firm that sold 4,800 units has 6.0% unit share. If the firm's units are priced higher than the category average, its revenue share may be above 6%, but this does not establish superior profit. If market size is estimated from a retailer sample excluding informal outlets, the denominator is incomplete and the reported share may be exaggerated. Benchmarking against previous years also requires consistent category scope, distribution coverage and seasonality. A reported 20% rise in orders from 100 to 120 is not the same as a 20-percentage-point increase in conversion rate.

13.10.3 Experimental incrementality and the attribution fallacy

A campaign's incremental effect is the difference between the outcome under exposure and the outcome that would have occurred without exposure for a comparable population. Last-click or platform-reported attribution generally allocates credit according to an accounting rule; it does not establish causation. Promotional messages may reach consumers already intending to buy, and a platform may report “conversions” that would have happened organically. Randomized holdouts, credible geographical experiments or well-designed quasi-experimental approaches can improve inference, but contamination, spillover, differential trends and changing measurement remain important threats (Wedel & Kannan, 2016; Kannan & Li, 2017).

Consider a constructed randomized pilot with 500 eligible customers assigned to a campaign and 500 to a holdout. If 95 exposed and 70 unexposed customers purchase, observed rates are 19.0% and 14.0%; the difference is 5.0 percentage points, or 25 additional purchases per 500 exposed customers. If contribution per additional purchase is RWF 4,000, estimated incremental contribution is RWF 100,000 before campaign expenditure. With direct

campaign cost of RWF 70,000, net incremental contribution is RWF 30,000. The estimate assumes random assignment was maintained, outcomes were completely observed and there was no material spillover. It does not establish statistical precision or effects beyond this pilot without interval estimation, which requires access to the underlying data and design.

Sampling uncertainty changes the interpretation of the constructed campaign. Under simple independent Bernoulli assignment and a conventional normal approximation, the standard error of the five-percentage-point purchase-rate difference is approximately sqrt[(0.19 × 0.81/500) + (0.14 × 0.86/500)] = 0.0234. An approximate 95% interval for the difference is 0.050 ± 1.96 × 0.0234, or roughly 0.004 to 0.096. Multiplying this range by 500 customers and RWF 4,000 contribution per incremental purchase gives a broad estimated incremental contribution range before campaign cost, roughly RWF 8,000 to RWF 192,000. Subtracting RWF 70,000 yields a net range that includes a loss. This is an illustrative Wald interval, not a claim of exact inference or protection against noncompliance, multiple testing or clustered responses. It demonstrates why a positive point estimate does not establish an adequately certain business case.

The next pilot should define in advance whether the decision depends on expected gain, probability of loss, a minimum contribution threshold or the value of additional information. Those objectives lead to different designs and stopping decisions. A larger sample may narrow sampling uncertainty but cannot repair biased measurement or a treatment delivered differently from the intended intervention. The decision record should distinguish randomized assignment, actual exposure, observed purchase, cash collected and returns, then make the analytical specification available for independent review (Kannan & Li, 2017).

13.10.4 Decision thresholds, data integrity and model risk

More sophisticated analytics are not necessarily better. A market-response model trained on platform users may underrepresent nonusers; an automated cluster can reflect an arbitrary choice of variables; an uplift model may overfit small samples; and a large language model may invent convincing consumer insights unsupported by transactions or research. Proper decision use demands out-of-sample validation, calibration where relevant, a documented intended use, uncertainty reporting and monitoring for changing conditions. Decisions affecting vulnerable customers require additional safeguards before the benefits of personalization are treated as sufficient justification.

Marketing analytics should disclose the costs of false positives and false negatives. Targeting an ineligible customer can waste subsidy, create harmful pressure or violate privacy; missing a suitable customer can sacrifice business and access. Decision thresholds should be tied to the cost and moral significance of error rather than chosen solely to maximize predictive accuracy. Digital systems can implement this discipline through audit logs and approval gates, but human responsibility remains necessary for complaints, disputed classifications and unanticipated harm (Huang & Rust, 2021).

Table 13.3. Minimum defensible marketing performance scorecard

Indicator	Calculation or evidence	What it can establish	Principal caveat
Unit market share	Own units / category units × 100	Relative sales volume in defined market	Category and informal denominator may be incomplete
Contribution per sale	Net receipts − attributable variable costs	Short-run economic value per transaction	Excludes fixed and some long-term costs
Acquisition cost	Incremental acquisition spend / new qualifying customers	Average cost per acquired customer	Cohort and causal attribution must match
Cohort retention	Original customers active at end / original customers	Observed repeat or continued use	Not necessarily voluntary loyalty
Complaint rate	Valid complaints / relevant fulfilled orders	Recorded service exception frequency	Silence and reporting barriers bias rates

Indicator	Calculation or evidence	What it can establish	Principal caveat
Campaign incrementality	Outcome in treatment – outcome in valid comparator	Conditional effect of evaluated action	Requires defensible comparison and uncertainty
Customer access	Verified availability by relevant group or location	Reachability of the actual offering	Coverage does not demonstrate affordability or benefit
Claim integrity	Documented substantiation and correction record	Evidence governance over claims	Checking a file does not establish every claim is true

Note. Original authorial instrument drawing on marketing-accountability, analytical and customer-experience scholarship (Rust et al., 2004; Wedel & Kannan, 2016; Lemon & Verhoef, 2016). Metrics must be specified for the enterprise's actual context.

13.11 RESPONSIBLE MARKETING

13.11.1 Truthfulness, informed choice and the limits of persuasion

Marketing necessarily influences what people notice, know and compare. Influence is not inherently improper: accurate information can reduce search costs and allow buyers to make better choices. The moral problem arises when an enterprise knowingly exploits information asymmetry, obscures relevant limitations, creates false scarcity or encourages purchases through claims it cannot substantiate. A serious evaluation distinguishes truthful advocacy for an offering from deception; disclosed persuasion from hidden manipulation; and proportionate marketing from persistent pressure on vulnerable consumers. Profitability cannot by itself establish that a communication practice is ethically defensible.

Claims about product composition, nutrition, origin, safety, price, delivery, warranty and environmental benefit require evidence appropriate to their specificity. A general assertion that a product is “better” may be understood differently from a measurable comparative claim. Rwanda's 2026 competition and consumer protection statute expressly regulates advertising, including comparative advertising. Enterprises should obtain current jurisdiction-specific review of any proposed comparative or digitally presented offer rather than rely on templates from another country (Republic of Rwanda, 2026). Legal analysis in Chapter 3 provides the wider institutional treatment; the marketing responsibility is to place verification inside claim design and approval.

13.11.2 Vulnerability, inclusion and customer autonomy

Potential vulnerability depends on a situation and decision, not simply membership in one demographic category. Children, people facing financial distress, consumers with limited literacy and buyers unfamiliar with digital systems can face heightened risks from complex terms, financing claims or behavioral pressure. Accessible design may involve clear Kinyarwanda wording, understandable units and pack information, reasonable complaint channels and alternatives for people unable to use smartphones. Such practices can improve market access and reduce errors, but their effects should be measured rather than assumed.

Responsible segmentation must distinguish legitimate suitability criteria from unfair exploitation. A firm may use transport cost to decide where to pilot distribution but should evaluate whether an alternative access design could serve excluded customers. Predictive targeting that identifies moments of acute financial stress for high-cost credit promotions may be commercially efficient but ethically indefensible. Consumer autonomy requires meaningful information, noncoercive options and the ability to challenge decisions that materially affect them. The same principles extend to educational, health and public-service marketing, where trust and vulnerability can be especially pronounced.

Baker et al. (2005) characterize consumer vulnerability as multidimensional and situational rather than an inherent defect attached to a demographic group. This matters for both research and practice. A technically sophisticated consumer can become vulnerable when buying an unfamiliar financial product under time pressure; a rural household may exercise substantial knowledge and agency despite limited formal retail access. Ethical

marketing should therefore identify the transaction-specific conditions that impair informed control, such as unclear unit prices, asymmetric cancellation rights, inaccessible remedies or essential information presented in a language the buyer cannot readily understand.

A purely consequentialist business case may justify a practice by adding up estimated consumer and company benefits, yet overlook a deceptive process imposed on a minority. A duty-based account can insist on truthfulness and consent irrespective of the aggregate return; a fairness perspective asks whether unequal access or vulnerability imposes burdens without adequate reason. Laczniak and Murphy (2019) show why normative marketing ethics cannot be replaced with descriptive evidence of consumer attitudes. An acceptable review must consider outcomes and procedural constraints, specifying which obligations are non-negotiable and which distributional trade-offs remain contestable.

13.11.3 Privacy, cybersecurity and data governance

The availability of customer data does not establish permission for every use. Purpose limitation, lawful processing, adequate security, restricted access, retention controls and rights procedures must be built into marketing operations. In Rwanda, the Data Protection and Privacy Office identifies Law No. 058/2021 as the governing framework for personal-data protection, with the National Cyber Security Authority designated as supervisory authority (Data Protection and Privacy Office, n.d.; Republic of Rwanda, 2021). Actual duties depend on the legal basis, processing operation, actor's role and any applicable implementing requirements. A digital campaign should therefore record what information is collected, why, on what lawful basis, who receives it, how long it is kept and how a person can exercise relevant rights.

Cybersecurity is also a trust and continuity issue. A compromised customer database can expose individuals to fraud and disrupt communications or payments. Marketing platforms may share data with multiple processors, complicating responsibility and cross-border transfers. Vendor contracts, data inventories, access controls, incident response and auditable deletion are not peripheral technical matters. They affect whether the enterprise can credibly promise a safe and transparent customer relationship. More data may add little analytical value while multiplying security, compliance and reputational exposure.

13.11.4 Sustainability claims, consumption and environmental trade-offs

Marketing can facilitate more resource-efficient consumption by explaining credible product attributes and reducing friction in adoption. It can also exaggerate environmental performance or promote wasteful consumption. Delmas and Burbano (2011) analyze organizational and institutional drivers of greenwashing; White et al. (2019) synthesize behavioral mechanisms through which consumers may shift toward sustainable choices. Neither literature allows an unsupported declaration that consumers always prefer green products or will pay a particular premium. The evidence base must be matched to the claim, use conditions and product lifecycle.

Consider the claim “fully sustainable packaging.” It is analytically weak unless the enterprise specifies the materials, relevant lifecycle boundary, collection infrastructure, comparative baseline and verified effects. A smaller package may lower buyer cash needs but increase packaging intensity per kilogram; a reusable container may require water and transport that change the impact calculation. Honest marketing communicates material qualifications and avoids implying that a single favorable attribute establishes overall environmental superiority. Governance requires the authority to withdraw a claim when its evidence fails, even if it generates significant sales.

13.11.5 Accountability beyond compliance

Legal compliance is a floor for legitimate marketing, not a complete ethical theory. Some techniques may be lawful yet undermine dignity, procedural fairness or transparent choice; conversely, additional consumer safeguards may be desirable even when a statute does not prescribe them in detail. A workable ethical review asks whether claims are true, relevant costs visible, data use justified, foreseeable harm proportionate, vulnerable persons protected,

complaints remediable, and alternative approaches considered. The decision must identify whose interests are at stake and who has authority to stop or revise the practice.

The practical ethical test begins before an advertisement appears. The enterprise should identify what a reasonable consumer would infer from the whole message, including images, omissions, claims of scarcity and the prominence of qualifications. Technical truth can coexist with a misleading overall impression, particularly if a critical limitation is buried in small print. A reviewer then asks whether the information can be substantiated at the relevant level of specificity, whether the intended audience can understand it and whether foreseeable harm has been addressed. Where relevant rights are implicated, mitigation should be treated as a precondition of release rather than a possible use of future profits.

Accountability must continue after dissemination. New evidence can undermine an earlier substantiation, a price change can render comparative claims stale and a channel intermediary can alter what consumers actually see. The organization therefore needs a withdrawal, correction and remedy route. The relevant question is not simply whether an approval form was signed but whether evidence of error can reach a person empowered to act, including when sales incentives reward continued circulation of a disputed message (Laczniak & Murphy, 2019).

13.12 NEW MARKET DEVELOPMENTS

13.12.1 Omnichannel markets, platforms and changing access

Omnichannel marketing seeks coherent experience across physical, online, mobile and intermediary channels while acknowledging that buyers use different pathways to search, inspect, pay, receive and complain. Verhoef et al. (2015) distinguish this integrated view from simply operating several disconnected channels. A shop may advertise by messaging application, receive payment by mobile money, deliver through an agent and resolve complaints by telephone. Its central challenge is not owning every channel but preserving accurate information, authorized transactions and service accountability across them.

Platforms can lower discovery and coordination costs but may also control rankings, fees, customer information and dispute processes. A small supplier may gain reach while becoming dependent on a marketplace's terms. Platform exposure is not equivalent to profitable demand. Enterprises should calculate fees, return rates, working-capital cycles and data dependence before concluding that digital sales are automatically superior to wholesale or community-agent distribution. These trade-offs are particularly important when consumers combine online search with offline inspection or require cash-compatible options (Kannan & Li, 2017).

13.12.2 AI-supported segmentation, personalization and content production

AI systems can assist in classifying product feedback, forecasting demand, testing communication variants, summarizing records or proposing draft materials. Davenport et al. (2020) and Huang and Rust (2021) develop analytical frameworks for understanding prospective AI roles in marketing. The existence of a model capability is not proof of improved business outcomes. In particular, language models can produce fluent but false product specifications, and predictive tools may learn historical discrimination or infrastructure-related exclusion as if these were legitimate indicators of customer worth.

Responsible implementation requires an appropriate problem definition, lawful data access, independent output checks, clear human authority, evaluation against simpler alternatives and a stopping rule when material error occurs. The firm's account of AI benefits should distinguish actual measured improvements from vendor claims and hypothetical potential. For a small Rwandan enterprise with inconsistent stock records, correcting transaction data and training employees may produce greater value than installing a complex personalization engine. The principle is technological proportionality: the tool's sophistication should follow the economic and institutional problem, not determine it.

AI-generated recommendations raise two different evidence questions. Predictive validity asks whether a model reliably forecasts a defined outcome in a relevant population; intervention validity asks whether using its recommendation changes that outcome compared with a feasible alternative. A classifier can predict likely purchases while providing no incremental benefit if its selected customers would buy anyway. A content generator can produce well-written messages while increasing the rate of unsupported claims. Adoption claims should accordingly include comparison groups, a preselected outcome and error costs, not only faster content production or higher reported click-through rates (Davenport et al., 2020; Huang & Rust, 2021).

Data provenance is equally consequential. An enterprise can lawfully possess a historical customer record while lacking justification to repurpose it for sensitive predictions or automated profiling. Small or irregular datasets may amplify the omission of customers who buy offline, transact through family accounts or use shared devices. Where models are difficult to interpret, controls need to define who approves material claims, which outputs require independent verification, how suspected discrimination is investigated and when the system will be withdrawn. Technological competence does not extinguish the duty to explain a decision and remedy its effects.

13.12.3 Cross-border customer discovery and regional integration

Digital communication and regional trade arrangements may broaden the visible market for African enterprises, but market visibility is only one step in internationalization. Cross-border offers require product eligibility, customs and other rules, payment and currency procedures, channel partners, consumer redress, logistics and adaptation to language and market expectations. The African Continental Free Trade Area (AfCFTA) establishes an important regional integration agenda, yet no agreement by itself guarantees that a particular product has frictionless access or that national consumer and data protections disappear. A responsible market-entry model incorporates actual rules and costs relevant to the transaction, with specialist treatment of trade in Chapter 30.

The appropriate comparison is not digital versus nondigital, but alternative configurations of search, trust, access and fulfillment. The same enterprise may use regional digital discovery for institutional buyers while relying on local agents for household distribution. A successful international model is transferable to Rwanda only if its enabling resources, customer practices, technical systems and institutional protections exist or can be established at acceptable cost.

13.12.4 Enduring principles under technological change

Market forms will continue to evolve, but several principles remain comparatively durable: define the customer problem precisely; distinguish willingness from ability to buy; maintain credible information and fulfillment; recognize alternatives and bargaining conditions; compare incremental benefits with full costs; preserve rights and fair remedy; and revise strategy as evidence changes. No plausible technological development eliminates these obligations. Digital tools can accelerate mistakes as readily as learning when data, incentives and decision rights are poorly designed.

These principles should not be confused with institutional stasis. AI systems may change how market hypotheses are generated, platforms may alter bargaining power, and regional integration may change feasible routes to customers. What persists is the obligation to distinguish observation from inference and promise from performance. A model-generated recommendation remains a proposal to act; its legitimacy depends on suitable evidence, cost, authorized purpose and correction mechanisms. Likewise, access to a much larger apparent market does not eliminate the constraint of actual fulfilment, suitable payment terms or enforceable rights.

For the manager, technological readiness is thus partly a question of institutional self-restraint. Before automating a customer-facing decision, an enterprise should know which decision the system will make, what errors would cause unacceptable harm, how the outcome is checked against a simpler approach and who can suspend its operation. Mature marketing is evidenced less by adoption of the newest tool than by the capacity to improve customer outcomes without losing truthfulness, financial discipline or control over the consequences of scale.

13.13 RWANDA-BASED APPLICATION AND INTERNATIONAL COMPARISON

13.13.1 What Rwanda's official evidence does and does not establish

The Fifth Rwanda Population and Housing Census counted 13,246,394 residents in 2022, including 3,701,245 urban residents (27.9%) and 9,545,149 rural residents (72.1%). The City of Kigali contained 1,745,555 residents, of whom 86.9% were classified as urban. These are resident-population classifications under the census methodology, not numbers of customers willing to buy a particular product (NISR, 2025c). They establish why an urban-only marketing frame risks overlooking a substantial share of the national population and why "Kigali" should not be assumed synonymous with all urban Rwanda.

The 2023/24 EICV7 evidence reports national poverty of 27.4% under its updated methodology and substantial variation across locations. Its multidimensional poverty measure records 14.8% incidence in urban areas and 36.7% in rural areas, demonstrating meaningful structural differences in measured deprivation without assigning a fixed purchasing preference to any resident (NISR, 2025a, 2025b). The 2024 FinScope survey found that approximately 86% of adults had used mobile-money services and 77% had a registered wallet in their name, but neither figure describes e-commerce purchasing frequency or ability to transact at a particular shop (NISR, 2024). The 2024 Integrated Business Enterprise Survey estimated 278,060 enterprises and reported an informality rate of at least 87% within its business survey frame (NISR, 2026). The conjunction of extensive informal activity and digital financial reach makes mixed-channel strategies worth investigating, not empirically proven.

Table 13.4. Rwanda market-context evidence and disciplined marketing interpretation

Indicator and period	Official result	Possible strategic relevance	Inference not permitted
2022 census population	13,246,394 total; 27.9% urban, 72.1% rural	Test urban and nonurban channel requirements	Neither group is equivalent to product demand
2023/24 EICV7 multidimensional poverty	14.8% urban; 36.7% rural	Investigate affordability and accessibility differences	Do not assume every rural buyer is poor
2024 FinScope	About 86% had used mobile money; 77% registered wallet	Consider payment convenience and agent partnerships	Not an online shopping adoption rate
2024 IBES	278,060 enterprises; at least 87% informal	Include informal rivals and distribution partners in mapping	Not the number of outlets selling this product

Note. 2022 population data: NISR (2025c); EICV7: NISR (2025a, 2025b); FinScope: NISR (2024); IBES: NISR (2026). Each row has a different statistical population and measurement frame; figures cannot be multiplied together to obtain a defensible customer count.

13.13.2 Documented context and a hypothetical packaged-food entry decision

The application concerns an invented enterprise, **Umuseke Foods**, planning a fortified shelf-stable porridge product for adult household and selected institutional use. Its name, price, costs, capacities, segments, conversions and sales assumptions are entirely constructed for instruction. It is not presented as an actual Rwandan manufacturer and its product claims are not asserted to meet any regulatory standard. The policy question is whether the company should prioritize a Kigali retail pilot, a nonurban agent-based pilot or a simultaneous rollout. Official sources are used only to frame relevant questions about geography, affordability, payment access and the character of the business landscape.

The two hypothetical segments are deliberately specified by use and access constraints rather than by a categorical claim about people. Segment U includes eligible customers reachable through participating urban shops and workplace retail points, with repeat purchasing subject to shelf availability. Segment N includes eligible customers reachable through participating nonurban shops, community agents or weekly aggregation points. An urban route may have higher selling velocity but face shelf fees and competitor density; a nonurban route may require longer travel and more collection coordination but face unmet convenience needs. Neither result can be inferred from national poverty or census tables; field validation must establish them before investment.

13.13.3 A transparent segmentation–targeting–positioning canvas

The enterprise's position should remain a hypothesis until customer evidence is collected. Proposed positioning for Segment U is “a clearly labelled, reliable breakfast option available on the regular shopping route,” conditional on tested quality and actual availability. For Segment N it is “a dependable, fairly priced pack available through an accessible replenishment point,” conditional on the full cost of reaching the point. These are not claims that the product is objectively better or that customers have endorsed its benefits. The differentiated features are access and replenishment reliability, not unverifiable social stereotypes.

Table 13.5. STP canvas for the constructed Rwanda market-entry case

Decision field	Urban pilot (U)	Nonurban pilot (N)	Evidence needed before scale
Problem and occasion	Convenient, dependable breakfast purchase	Dependable local access and manageable cash outlay	Buyer/use interviews, actual observed trial
Proposed channel	Selected shops and workplace retail	Partner shops and aggregation agents	Outlet audit, delivery timing, payment feasibility
Hypothesized differentiator	Reliable shelf availability and clear labelling	Access reliability and understandable pack economics	Customer tests against substitutes
Operational risk	Shelf fees and rivalry	Route density and agent accountability	Documented cost-to-serve and quality controls
Ethical safeguard	Truthful claims and visible total price	No misleading unit-price or accessibility claims	Independent label and claim review
Provisional decision	Staged trial	Smaller parallel validation	Comparative incremental contribution and complaints

Note. Original authorial STP instrument. All enterprise-level assumptions are hypothetical; national evidence provides contextual background only.

13.13.4 Comparative international lessons and limits of transfer

An international comparator is the extensive empirical literature on market orientation and organizational capability, not a fabricated foreign-company success narrative. Narver and Slater's (1990) business-unit evidence indicates that customer and competitor orientation can be associated with profitability in the sampled firms; Kirca et al.'s (2005) meta-analysis supports a broader positive association while identifying contextual and methodological variation. Research on omnichannel retailing highlights the coordination of online and offline touchpoints, and on customer experience demonstrates the role of multiple functions (Verhoef et al., 2015; Lemon & Verhoef, 2016). These findings justify structured inquiry into Rwandan settings but do not yield transferable coefficients for local adoption, contribution or retention.

The relevant international comparison concerns mechanisms. Market sensing is needed both in a multinational retailer and in a Rwandan community shop, but the data-generating process can differ substantially. A multinational may possess integrated loyalty databases; a small Rwandan enterprise may rely on invoices, agent records, mobile transactions and direct customer dialogue. Formal programmatic personalization might improve relevance in one setting and exclude non-digital buyers in another. What travels is the need to define the decision, test evidence and coordinate delivery. The operational architecture must be locally established and evaluated rather than copied.

A documented distribution comparison is Hindustan Unilever's Project Shakti in India. The company describes a rural sales and training network involving women entrepreneurs, combining established distribution with direct village-level selling (Hindustan Unilever Limited, n.d.). This provides evidence of an organizational arrangement and its self-reported purposes, not independent proof of empowerment or its net economic effects. Hopkinson and Aman (2017) critically analyze the program's marketing discourse, arguing that depictions of entrepreneurship and empowerment can obscure commercial arrangements and reproduce forms of power. Reading the corporate

account alongside the critical study demonstrates why a market-access initiative must be assessed by distribution performance, participant income and risk, autonomy, and the terms on which intermediaries operate.

Project Shakti is not a ready-made prescription for a Rwandan food producer. India's population density, retail networks, company scale, product portfolio and institutional history differ from Rwanda's, and the observed source evidence concerns a large incumbent rather than a startup. Its transferable question is narrower: could trusted community agents lower discovery and replenishment barriers without imposing uncompensated stockholding, excessive travel, misrepresentation or exclusive dependency? Umuseke Foods could compare agent-operated and shop-operated pilots while recording actual cash earnings, stock losses, customer accessibility and dispute resolution. A claim of social benefit would require independently obtained evidence from affected participants, not a count of recruits or an attractive institutional narrative.

13.14 REPRODUCIBLE MARKET-ENTRY DECISION AND CROSS-FUNCTIONAL ECONOMICS

13.14.1 Market-size assumptions, selling units and operating contribution

The following quarterly model uses constructed values to make the decision auditable. It assumes 8,000 eligible prospects can be reached in Segment U and 5,000 in Segment N through identified pilot channels; these are hypothetical prospect counts, not estimates derived by multiplying census figures. Trial conversion is assumed at 12% in U and 8% in N. Every converted buyer is assumed to purchase three packs within the quarter, each purchased pack being counted once. Thus the modeled order volume is 8,000 × 0.12 × 3 = 2,880 packs in U and 5,000 × 0.08 × 3 = 1,200 packs in N, or 4,080 packs total. The transaction assumptions require subsequent empirical testing of distinct customers, repurchase and actual availability.

Suppose net receipts per pack after expected retailer concessions are RWF 2,500 in U and RWF 2,300 in N. Variable production and packaging costs are RWF 1,450 per pack in both segments, and additional segment-specific variable fulfillment costs are RWF 250 and RWF 350 respectively. Contribution is therefore RWF 800 per U pack and RWF 500 per N pack. Quarterly fixed pilot costs, including segment-specific market activation and distribution setup not already in variable costs, are assumed to be RWF 1,500,000 for U and RWF 450,000 for N, with a shared quarterly pilot oversight cost of RWF 300,000 if both channels operate. These figures are teaching assumptions, not quotations from suppliers or market-price observations.

Table 13.6. Constructed quarterly urban–nonurban market-entry model (RWF)

Variable	Urban U	Nonurban N	Total / interpretation
Reachable eligible prospects	8,000	5,000	Hypothetical accessible prospect bases
Trial conversion rate	12%	8%	Unvalidated assumptions
New purchasing customers	960	400	1,360 total
Packs per purchasing customer	3	3	Assumed within quarter
Packs sold	2,880	1,200	4,080 total
Net receipt / pack	2,500	2,300	RWF
Production plus packaging / pack	1,450	1,450	RWF
Segment-specific fulfillment / pack	250	350	RWF
Unit contribution	800	500	RWF
Total variable contribution	2,304,000	600,000	2,904,000 total

Variable	Urban U	Nonurban N	Total / interpretation
Fixed segment pilot expense	1,500,000	450,000	1,950,000 total
Segment pilot surplus before shared cost	804,000	150,000	954,000 combined
Shared pilot oversight	—	—	300,000
Combined modeled surplus	—	—	654,000 before financing, tax and other overhead

Note. Every input is fictional and included solely for teaching. Arithmetic assumes all modeled packs are sold and collected without spoilage or returns; actual managerial use would require allowance for these risks, additional overhead, capital and financing charges.

13.14.2 Decision logic, break-even and working-capital feasibility

The unit contribution approach shows why a high sales-volume objective can be misleading. The U pilot requires 1,500,000/800 = 1,875 packs to cover its segment-specific fixed pilot expenditure; N requires 450,000/500 = 900 packs. These break-even counts exclude shared overhead and assume the stated average contribution remains stable. If the joint pilot bears the RWF 300,000 shared cost, its modeled surplus is RWF 654,000; that is not corporate net profit because general administration, depreciation, interest, taxes, wastage and other omitted costs could change the conclusion. A complete investment decision must reconcile the pilot analysis with the enterprise's actual accounting and liquidity.

Suppose quarterly available working capital for production is RWF 5,000,000 and all 4,080 packs must be manufactured before customer receipts arrive. At RWF 1,450 each, the modeled upfront production and packaging outlay is RWF 5,916,000, creating a RWF 916,000 funding gap before transport and other obligations. This gap does not disappear because the contribution calculation is favorable. The enterprise could phase production, secure verified customer deposits, negotiate reliable supplier credit, shorten the order cycle or reduce the trial scale. These measures have costs and operational consequences and should be assessed by finance and operations. The book's later chapters on operations, procurement, supply chains and financial management provide the full methods.

The economics of simultaneous rollout also depend on how the shared expense behaves under alternative scale choices. The RWF 300,000 oversight amount is stated to apply when both channels operate; it is not a universal charge that should be attributed in full to either standalone pilot. Under the displayed assumptions, the U-only segment surplus is RWF 804,000 before any standalone oversight cost; N-only produces RWF 150,000 before such cost. Both-channel surplus equals RWF 654,000 because the RWF 300,000 joint oversight is then incurred. Comparison would be incomplete if a U-only option required an additional unreported management cost or if entering N reduced the U route's contribution. A decision table should keep costs genuinely incremental to each alternative rather than allocate shared overhead simply to make segment ratios look comparable.

A second problem is that contribution and cash flow occur on different calendars. All-in production-before-receipt is a deliberately conservative timing assumption, not a prediction that no receipts will occur during the quarter. If batches can be made and sold sequentially, the peak working-capital requirement may be lower, but capacity, minimum order quantities, receivables and delivery schedules then become binding. The responsible recommendation is to model the maximum cumulative net cash outflow under feasible batch schedules, not to equate gross manufacturing expenditure with permanent financing need.

13.14.3 Sensitivity, demand uncertainty and a staged recommendation

The base result is sensitive to conversion assumptions that have not been observed. If U conversion falls from 12% to 10%, the model produces 800 customers, 2,400 packs and U segment surplus of RWF 420,000. If N conversion falls from 8% to 6.4%, it produces 320 customers, 960 packs and N surplus of RWF 30,000. After the same RWF

300,000 shared cost, the joint surplus becomes RWF 150,000. Under a more adverse illustrative case of 8% U conversion and 6% N conversion, the segments produce 1,920 and 900 packs, their segment surpluses become RWF 36,000 and zero, and the joint pilot loses RWF 264,000 before omitted overhead. These scenarios are not assigned probabilities because no defensible empirical distribution has been established.

The appropriate provisional recommendation is a staged, capacity- and cash-constrained test rather than immediate full rollout. Start with a well-controlled U pilot and a smaller N validation using representative local outlets and a clearly bounded inventory commitment. Predefine acceptable contribution, stockout, return, complaint, delivery and cash-conversion thresholds. Use comparable product conditions and record differences in channel practice before interpreting observed purchases as a location effect. Scale only where independent customer evidence and operating records jointly support the case. An urban-first sequence is a liquidity and learning decision under the supplied assumptions, not a claim that nonurban customers are less valuable or that nonurban markets should be abandoned.

13.14.4 Replication protocol for the illustrative calculation

A reader can independently reproduce the model using the following definitions. For each segment s, purchasing customers C_s = eligible reachable prospects E_s × assumed conversion q_s. Units $Q_s = C_s$ × assumed packs per buyer b_s. Unit contribution u_s = net unit receipts p_s − variable production cost v_s − variable fulfillment cost f_s. Segment surplus $S_s = Q_s \times u_s$ − segment fixed pilot expense F_s. Joint pilot surplus $S = \Sigma\, S_s$ − shared expense G. The working-capital requirement for a fully prepaid manufacturing batch is $W = \Sigma(Q_s \times v_s)$. All quantities, assumptions and rounding conventions are stated in Table 13.6; the model has no estimated coefficients, survey respondents or concealed observations.

For reproducibility, the source of each hypothetical input should be recorded as 'assumed for instruction', not as an external observation. A real application would replace such entries with dated outlet records, verified price and cost schedules, a documented sampling frame for eligible prospects and reconciled receipts. Conversion should be defined as unique new purchasing customers divided by uniquely reachable prospects within the observation window, while units per buyer should be calculated from completed, nonreturned transactions. Where the same household can buy through both channels, customer deduplication becomes necessary before the two segment counts are summed.

The calculated surplus is a deterministic accounting consequence of the assumed inputs. It is not a confidence interval, expected return or evidence that either market entry will succeed. A financially defensible decision would additionally estimate the peak cash deficit by period, product loss rates, uncertainty in both demand and costs, and the value of staging. These distinctions clarify how the illustrative model can be audited without being misrepresented as empirical research.

13.15 INTEGRATIVE DISCUSSION, RESEARCH AGENDA AND CONCLUSION

13.15.1 The enterprise-wide character of market orientation

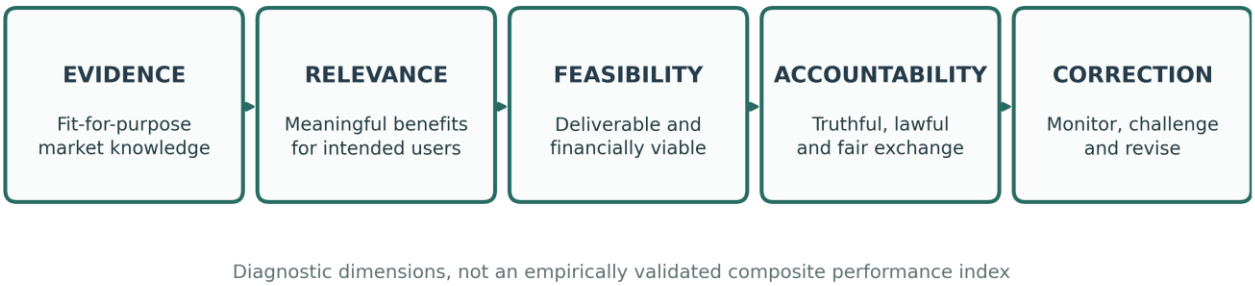
The preceding analysis supports a distinction between marketing *activity* and market orientation *capability*. Advertising, customer acquisition and branding may create immediate market visibility; they do not establish that an enterprise understands the market or can keep its promises. Market orientation links inquiry with operational response. Strategy specifies which problems deserve attention and which opportunities will be declined. Operations determines whether offerings can be produced and delivered at acceptable quality. Procurement and logistics shape supply availability and cost-to-serve. Finance establishes whether customer value can be sustained without a liquidity crisis. Human-resource systems create customer-facing competence, while governance and technology constrain data use and claims. Marketing thus provides a customer- and market-facing integrative perspective rather than a substitute for other functions.

The underlying relationships are complementary but not automatically positive. Better marketing intelligence can lead to more accurate targeting yet intensify discrimination if the firm optimizes on biased historical purchase records. Rapid acquisition can improve scale yet overwhelm service capacity. High retention can reflect trust or inadequate alternatives. A strong brand can convey reliable quality or disguise unverified claims. The explanatory task is to specify when, for whom and through which decisions a marketing capability improves substantive outcomes, not merely to describe desirable attributes.

13.15.2 An accountable market-orientation synthesis

This chapter proposes a five-part analytical test for a market-facing decision: **evidence adequacy**, whether the enterprise has warranted information about a defined problem; **customer relevance**, whether the proposed benefit matters to the affected users; **delivery feasibility**, whether operational and financial arrangements can realize the promise; **accountable exchange**, whether communication, payment, data and remedies are lawful and ethically defensible; and **adaptive correction**, whether feedback can change decisions before harm or waste persists. The five components are conceptual dimensions, not a validated index or a causal production function. Their value is diagnostic: a failure in one dimension identifies what additional evidence or control is needed before a particular action proceeds.

Figure 13.2. Accountable market orientation: A five-dimension decision diagnostic



Note. Original conceptual framework developed for teaching; relationships are proposed, not empirically validated.

The synthesis also exposes a tension between market responsiveness and normative independence. An enterprise that reflexively follows every observed preference can become captive to short-term demand or harmful consumption; one that disregards buyers in the name of managerial expertise can become irrelevant and paternalistic. The stronger position is reflective responsiveness: listening carefully, explaining trade-offs, declining unjustifiable practices and maintaining contestable decisions. This interpretation preserves the distinctive contribution of market orientation while recognizing the rights and interests of workers, suppliers, communities and future consumers.

The proposed dimensions must be understood in relation to competing scholarship. Evidence adequacy extends the intelligence-generation requirement of Kohli and Jaworski (1990), but adds attention to coverage and inference. Customer relevance reflects Woodruff's (1997) context-dependent view of value; delivery feasibility draws on Day's (1994) capabilities and Morgan's (2012) mediating resource logic. Accountable exchange responds to the normative inadequacy of treating all observed purchases as equivalent to welfare, while adaptive correction makes the response process contestable over time. The framework therefore reorganizes established ideas around a decision-audit question; it is not presented as a novel discovery or independently calibrated performance score.

Its possible empirical value lies in diagnostic disagreement. A firm may possess reliable customer evidence but lack financially feasible access; another may deliver a good product while collecting data without sufficient justification. If trained evaluators can distinguish those conditions consistently and the distinctions predict meaningful

outcomes beyond an ordinary market-orientation scale, further research could support the framework's utility. Conversely, if the dimensions prove redundant or insensitive to local context, they should be revised or abandoned. Openness to refutation is a condition of scholarly value, not a weakness to conceal.

13.15.3 Research gaps and testable propositions

The literature on market orientation provides substantial conceptual and empirical foundations, but its findings cannot simply be transported to settings where informal enterprise, constrained liquidity, variable infrastructure and hybrid digital–physical exchange are prominent. First, the measurement of market orientation in informal and microenterprises needs validation: intelligence routines may be conversational rather than bureaucratically recorded. Second, the relationship between digital payment access and commercially meaningful online or omnichannel demand should be measured at a specific product-market level rather than assumed from national financial-inclusion rates. Third, retention models should distinguish voluntary loyalty from constrained choice, especially in areas with few providers. Fourth, sustainable marketing needs joint assessment of environmental effects, affordability and the real ability of customers to return or dispose of materials.

These gaps motivate falsifiable propositions. **P1:** At comparable resource levels, the association between customer intelligence and market performance will be stronger where cross-functional response authority is clearly assigned. **P2:** In constrained-access markets, the effect of physical availability on repeat purchasing will vary by travel and fulfillment costs after controlling for price and product characteristics. **P3:** The performance advantage of digital personalization will weaken or reverse where data coverage excludes a substantial part of the intended customer population. **P4:** Customer retention will predict customer welfare more reliably when complaint resolution and feasible switching alternatives are included in the measurement model. **P5:** Marketing investments designed with explicit operational capacity and liquidity checks will have lower rates of commercially damaging rollout than investments selected from attributed sales metrics alone. Each proposition requires an independently specified population, valid measures, appropriate comparison and attention to reverse causality, selection and time-varying confounding.

An empirical agenda for Rwanda could combine longitudinal outlet panels, properly sampled buyer research and administrative sales records under lawful data arrangements. Researchers should preregister hypotheses where feasible, define the market and counterfactual clearly, account for geographic clustering and seasonal conditions, and separate causal tests from descriptive mapping. Comparing urban and nonurban results requires measuring service exposure and market access, not merely residence. The proposed framework should be revised if evidence supports alternative mechanisms; its purpose is to organize questions, not to preordain conclusions.

13.15.4 Chapter synthesis and conclusion

The chapter has argued that the primary object of marketing is not persuasion but the organization of defensible exchanges and market-facing capabilities. An enterprise needs to discover what customers genuinely value while recognizing that observed purchasing behavior reflects unequal information and feasible alternatives. Segmentation and positioning are therefore hypotheses about meaningful differences, not self-validating labels. Their economic worth depends on the organization’s ability to deliver the corresponding promise, coordinate the marketing mix, and learn from discrepancies between advertised and experienced value. Market orientation becomes substantive when intelligence has an authorized route into decisions, and when those decisions remain open to correction.

Marketing performance must also be evaluated beyond the initial transaction. Retention can express continued customer benefit or constrained choice, campaign attribution can misrepresent causal gain, and apparently promising expansion can consume scarce liquidity before revenue arrives. Truthful claims, proportionate data use, fair customer remedy and credible environmental statements are not optional complements to an otherwise complete business case. The Rwandan illustration establishes why demographic, poverty, financial-inclusion and enterprise statistics are indispensable contextual sources but not direct estimates of category demand. The defensible conclusion is a conditional one: marketing creates durable enterprise value when market learning,

operational feasibility, financial discipline and justified treatment of affected people remain mutually accountable. Chapter 14 develops the consumer and research processes needed to investigate those claims with greater methodological specificity.

13.16 GLOSSARY, ASSESSMENT AND EDUCATOR GUIDANCE

13.16.1 Key terminology

Term	Meaning in this chapter
Acquisition cost	Eligible incremental customer-acquisition expenditure divided by newly acquired qualifying customers under an explicit cohort definition.
Addressable market	Defined product-market opportunity conditional on eligibility, category boundaries, feasible reach and the relevant period.
Attribution	A rule assigning observed outcomes to contacts or channels, which need not estimate a causal effect.
Buying center	Multiple actors and decision rights involved in organizational procurement.
Customer lifetime value	Discounted expected customer contribution across the specified relationship horizon, net of stated acquisition and other included costs.
Customer value	Benefits experienced or anticipated in a particular use context relative to monetary and nonmonetary sacrifices.
Differentiation	A meaningful and credible feature or benefit distinguishable from relevant alternatives.
Exchange	A transfer or reciprocal provision of value, resources or commitments among parties.
Incrementality	An outcome difference attributable to an intervention against a defensible counterfactual.
Market orientation	Organizational generation, dissemination, interpretation and coordinated response to market intelligence.
Market share	Own volume or sales revenue divided by the corresponding defined market total in the same period.
Omnichannel	Integration of customer experiences and operations across physical, mobile and digital access points.
Positioning	The intended comparative meaning of an offering for a specified audience and use occasion.
Retention	Continued purchasing or use by a defined initial cohort over a stated period.
Segmentation	Analysis of decision-relevant differences among prospective or existing buyers.
Service-dominant logic	Marketing perspective emphasizing applied competencies, resource integration and value in use.
STP	The linked decisions of segmentation, targeting and positioning.
Targeting	Selection and prioritization of segments for a feasible and justified enterprise response.
Total cost-to-serve	Relevant fulfillment, servicing, distribution and relationship costs associated with an exchange or segment.
Value proposition	Testable account of benefits to a defined customer and the capability that makes the claim credible.

13.16.2 Foundational and analytical questions

Question 1 (LO1–LO2). Using one real or defensibly constructed enterprise transaction, distinguish marketing from selling, advertising, market research and market orientation. Explain why confusing these functions can produce incompatible decision rights and misleading performance claims.

Question 2 (LO2). Critically compare the behavioral conceptualization of Kohli and Jaworski with the cultural account of Narver and Slater. Specify what evidence would allow an investigator to distinguish the two explanations in an enterprise that collects customer feedback but fails to respond.

Question 3 (LO3). Define the relevant market for a Rwandan institution purchasing packaged breakfast foods. Discuss substitutes, the separation of users and purchasers, relevant procurement requirements and at least two plausible alternative market boundaries.

Question 4 (LO4). Evaluate a proposed demographic segment using actionable variation, sampling validity, access, feasible contribution and the possibility of exclusion. Explain how a statistically predictive feature may remain ethically unacceptable as a targeting criterion.

Question 5 (LO5). Demonstrate how a campaign built on truthful claims can nevertheless damage a firm financially when it creates demand beyond fulfillment capacity or the available working-capital cycle. Propose an operational control that prevents the failure.

Question 6 (LO7–LO8). Explain why the proportion of adults who use mobile money cannot be directly substituted for an online retail conversion rate. State which additional customer, channel, transaction and access observations would be needed before a defensible estimate could be made.

13.16.3 Applied quantitative exercises

Exercise A (LO3, LO6). In a hypothetical quarter, a firm sells 7,200 units and a consistent category panel records 90,000 units. Calculate the firm's unit share and explain how omission of informal retail outlets could affect the estimate. If a pilot costs RWF 240,000 and leads to 60 incremental purchases with contribution of RWF 5,000 each, calculate its net incremental contribution before omitted overhead.

Exercise B (LO6). Calculate stationary-model CLV for a monthly contribution of RWF 7,500, conditional monthly retention of 0.75, monthly discount rate of 0.015 and immediate acquisition cost of RWF 10,000. Recalculate for retention of 0.65, interpret the sensitivity, and identify at least four assumptions that would need to be checked with a real customer cohort.

Exercise C (LO4–LO6). Recalculate the constructed market-entry model in Table 13.6 if nonurban fulfillment cost increases by RWF 120 per pack and urban trial conversion falls to 9%. Distinguish the model's contribution result from peak working-capital requirements and the independent obligation to substantiate product claims.

13.16.4 Advanced case and capstone assessment

Case challenge (LO3–LO8): Prepare a 2,500–3,500-word board memorandum for the fictional Umuseke Foods enterprise choosing a phased urban/nonurban market-entry strategy. The memo must define the customer problem and relevant substitutes, provide a defensible STP canvas, establish consistent mix choices, reproduce and stress-test at least two financial indicators, assess working capital, justify the minimum pilot evidence required, specify truthful claims and privacy safeguards, and establish stop-or-scale thresholds. Include a counterargument that could reverse the recommendation and identify which new evidence would be necessary. Treat all company figures as hypothetical and all official statistics according to their actual statistical units.

Independent research assignment (LO2, LO7, LO8): Critically compare a published market-orientation empirical study with Rwanda's enterprise and household statistical context. Specify theoretical mechanism, research design, outcome measure, main inference limit, external-validity considerations and an ethically credible

empirical design for local testing. Do not represent proposed primary research as already conducted; obtain the required permissions and ethical approvals before collecting individual-level data.

13.16.5 Educator assessment guidance and indicative answers

Question 1 should demonstrate clear conceptual separation and interfunctional consequences, not a memorized dictionary sequence. Questions 2 and 4 require rival explanations and limitations, not endorsement of a preferred theory. Question 6 requires the distinction between financial-tool use and e-commerce purchasing. For Exercise A, market share is 7,200/90,000 = **8.0%**, and net incremental contribution is 60 × 5,000 − 240,000 = **RWF 60,000**, before omitted costs; incomplete market coverage may bias the share upward. For Exercise B, CLV is 7,500/(1.015 − 0.75) − 10,000 = **RWF 18,301.89** and at 0.65 retention it is 7,500/(1.015 − 0.65) − 10,000 = **RWF 10,547.95**. For Exercise C, N contribution falls from RWF 500 to RWF 380 and its modeled segment surplus becomes 1,200 × 380 − 450,000 = **RWF 6,000**; with U conversion of 9%, U volume is 2,160 and U surplus is RWF 228,000. Net joint pilot surplus becomes **−RWF 66,000** after shared cost, before financing and other overhead.

For the capstone, an appropriate rubric assigns 20% to sound market and theoretical diagnosis, 20% to segmentation and comparative strategic reasoning, 20% to reproducible economics and sensitivity, 15% to operational and interfunctional feasibility, 15% to ethical and legal safeguards, and 10% to clarity, evidence and reference accuracy. Strong answers distinguish population data from market demand, discuss alternatives, and specify observable triggers; weak answers simply maximize projected sales or infer local customer behavior directly from national averages. An educator should accept different recommendations where assumptions, opportunity costs and ethical constraints are explicit and internally consistent.

13.16.6 Suggested further reading

For market orientation and its limitations, begin with Kohli and Jaworski (1990), Narver and Slater (1990), Day (1994), and Kirca et al. (2005). To interrogate exchange and relational value, compare Bagozzi (1975), Morgan and Hunt (1994), and Vargo and Lusch (2004). For contemporary measurement and technological change, read Rust et al. (2004), Wedel and Kannan (2016), Kannan and Li (2017), and Huang and Rust (2021). Pair these with NISR's census, EICV7, FinScope and IBES publications so that local market claims remain tied to the proper population and year.

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