

Product orientation, market orientation and asset-led marketing.

When a business bases its marketing mix on what the business sees as its internal strengths, the business's marketing is said to be 'product orientated'.

When a business bases its marketing mix on its perception of what the market wants, the business's marketing is said to be 'market led', or 'market orientated'.

Asset led marketing uses product strengths such as the name and brand image to market both new and existing products. With asset led marketing, Marketing decisions are based on the needs of the consumer and the assets of the product

As a starting point all businesses must base their products on their internal strengths but also they must relate the knowledge they have of the market to these strengths. This means adapting and using the business's assets such as labour skills, available capital, and reputation, to meet market demand.

As the firm grows it might find that it wishes to go further than this and actually structure the future use of all factors so that the way the business operates and what it produces exactly meets changing market demand patterns. When this is done the business is truly market orientated.

Product Orientation.

When a business is product orientated, it will base its products or services on what it perceives as its internal organisational strengths. Firms with a product orientated approach to selling, try to sell whatever they can make,

without trying to find out if it's what the customers want. Sony grew hugely successful using this policy, and became famous for this approach. The most clear example was the Walkman, launched in the late 70's, marketing professionals said it would not sell because it had no recording facility—a generation of teenagers proved them wrong. A more up to date example is Apple, the first iPad being a product led launch—previous attempts by other companies to find a market for tablet computers had failed.

Being product orientated brings a number of advantages;

- Firms can focus on internal quality
- Technological investment can be applied to a wide range of products
- Economies of scale can more easily occur
- Allows outsourcing of production—the firm is essentially a design house

But of course there are disadvantages as well. These disadvantages include:

- Changes in market structure will not be responded to
- Fashion and taste are not accounted for in product mix
- Technology applied can be left behind

Market Orientated- market led

When a business is market led, the business's activities will be dictated by the market, it will at all times attempt to

meet the needs of the market with little if any reference to internal strengths of the business. An organisation with a market orientation thinks that its most important asset are its customers. The firm believes that, as long as it is able to identify potential customers, find out what they want, and then produce that for them, it will remain successful

This market orientation does have advantages. These advantages include:

- The business should be flexible to changes in demand patterns
- The business, through market research, will have a strong understanding of the needs of the customer
- New products should have a greater chance of success



But there can be disadvantages to being market led. These disadvantages include:



Mars Ice Cream an example of ...?

- High cost of market research to understand the market
- Constant internal change as needs of the market are met
- Unpredictability of future, especially from point of view of staff
- Abandonment of earlier product investment

Asset Led Marketing

Balancing being product orientated with being market orientated.

The perfect situation is of course for a business to relate customer taste to the business's own strengths. So a business should find out what the market wants, and then ask the question, 'how using our skills, knowledge and assets, brands, can we meet these customer needs?'

Asset led marketing tries to achieve this, the key word here is 'led'. Assets such as labour force skills, management skills, patents, recognised brands or capital, should be used to help satisfy consumer demand. Identify what you are good at, and relate this to customer need.

This relating of internal strengths to market needs should be one of the basic rules of any firm's marketing strategy as this approach focuses on the most appropriate opportunities, given the firm's assets.

How to effectively combine these two factors (internal strength and market needs) can be demonstrated by examining the use of data base marketing.

The growth of store loyalty cards has allowed the development of data base marketing. Using this form of marketing, firms develop a data base of their customers activities, shopping habits and tastes. They then use this data base to target sectors of their market with different offers, promotions etc. This targeted marketing improves the effectiveness of marketing spend.

A simple example of this would Tesco's sending details of their back-to-school children

clothes promotions to customers on their data base who spend money on fish fingers and burgers, (these customers are likely to have young children). The firm has targeted a market segment that is most likely to buy the promoted product.

In this example we see that the internal strength of the business is the effective application of IT, and this is then related to seasonal market demand, increasing product sales.

When a firm applies asset led marketing it will benefit from several advantages. These advantages include:

- Quality of output should be assured
- Change will be progressive, not in unpredictable leaps
- The future activities of the business are predictable
- Firm is maximising return from assets.
- Employees will be settled, know their roles

Notes