**Market, product orientation**

Should we do what we are good at, or should we look at what the customer wants, and try to satisfy these needs? Product orientated firms choose the first option - basing their products on their internal strengths, Market orientated firms choose the second option - research the market and then make what the customer wants.

**Product orientation - asset led.**

When a firm is asset led it will base its products or services on what it perceives as its strengths, its assets. The assets themselves can be people, patents, or capital. When a firm does this it will be able to gain from several advantages, but of course there are disadvantages as well

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| Advantages | Disadvantages |
| Quality of output should be assured.  | Changes in market structure will not be responded to  |
| Change will be progressive, not in unpredictable leaps  | Fashion and taste are not accounted for  |
| The future activities of the business are predictable  | Strengths may not relate to the needs of the market  |
| Employees will be settled, know their roles  |  |

**Market orientated- market led**

When a firm is market led, the reverse is of course true, in this case the firms activities will be dictated to 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. This market orientated approach does have advantages, but again disadvantages can occur.

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| Advantages | Disadvantages |
| The business should be flexible to changes in demand patterns  | High cost of research to understand the market  |
| The business, through market research, will have a strong understanding of the needs of the customer.  | Constant internal change as needs of the market are met  |
| New products should have a greater chance of success  | Unpredictability of future, especially from point of view of staff  |

The perfect situation is of course to relate customer taste to the businesses own strengths. So find out what the market wants, and then ask ' how using our skills, knowledge and assets, can we meet these customer needs?' This should be one of the basic rules of any firm's marketing strategy. A recent development of how to combine these two factors (strength and market needs) is the use of data base marketing. We can see the growth of this with the use of store loyalty cards and targeted marketing. With Data Base marketing, firms will 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. A simple example of this would Tesco's sending details of their children's clothes promotion to customers on their data base who spend money on Mr. Men yoghurts ( these customers are likely to have young children).