

Asset and Market Led

Specification requirement— Asset-led and market-led marketing strategies - their strengths and weaknesses.

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 'asset-led'. A good example of this is basing an expansion strategy on a well respected brand name. So Mars launched its icecreams under the Mars brand, Disney launched its cruise holidays under the Disney brand with the focus on family fun. Brand is not the only asset that can be used as a basis for a marketing strategy, the asset may be actual or perceived technological lead e.g. Dyson, or distribution network e.g. Tesco.

When a firm concentrates on its assets in developing a marketing strategy 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
- Employees will be settled, know their roles
- Marketing Strategy will be based on understood qualities, therefore easier to plan and budget for.

But of course there are disadvantages to using an Asset-Led marketing strategy. These disadvantages include:

- Changes in market structure will not be responded to
- Fashion and taste are not accounted for in product mix
- Strengths may not relate to the needs of the market

So is being asset-led a good idea in developing a marketing strategy? We have seen that it would be silly to ignore a real asset like a strong brand when developing a marketing plan. But even without a well known brand, a basic starting point in developing a marketing strategy should involve all businesses basing their marketing on their internal strengths. Once this is done then there is a strong argument that they must also relate the knowledge they have of the market to these strengths. This means adapting and using the business's assets such as brand, technological advantage, distribution networks labour skills, available capital, to meet customer preferences and market demand. So in recent times we have seen Tesco use its skills at product range development in the launch of new 'discount ranges' to meet the needs of customers hit by recessionary conditions.

Market-Led Marketing

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'.

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. This total 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:

- High cost of 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

Balancing being asset-led with being market-led.

The perfect situation is of course for a business to relate market demand and 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, can we meet these customer needs?'

This relating of assets- internal strengths, to market needs should be one of the basic rules of any firm's marketing strategy.

How a firm can 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, - asset-led and this is then related to seasonal market demand -market-led. The outcome will be increased sales.

Notes