




Chapter 4: DEVELOPING MARKETING OPPORTUNITIES



Learning outcomes

After reading this chapter, you should be able to:

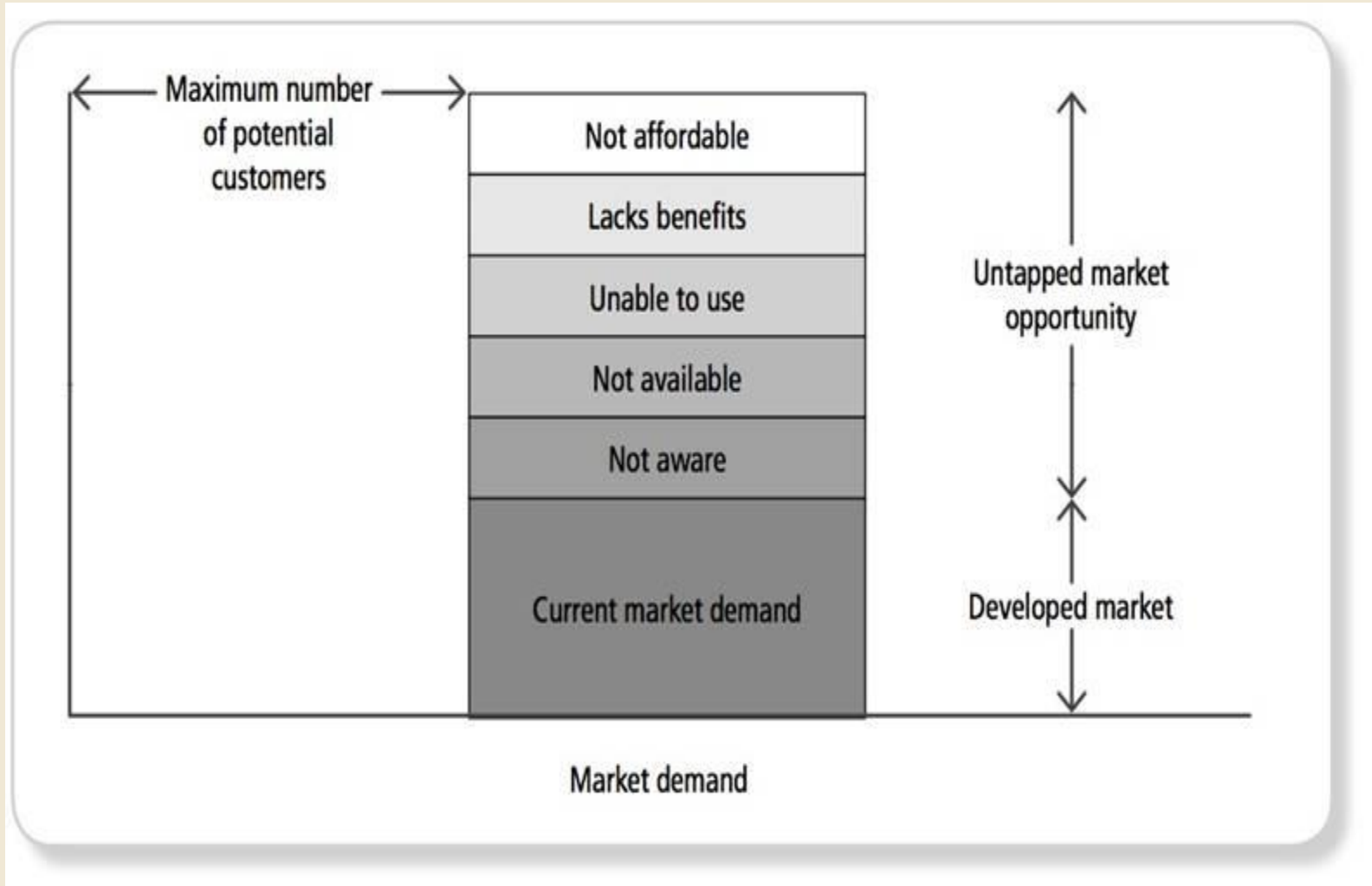
- Evaluate market potential for a given market
- Understand how life cycles influence marketing strategy and planning
- Explain the driving forces behind market share and share potential
- Evaluate market opportunities.



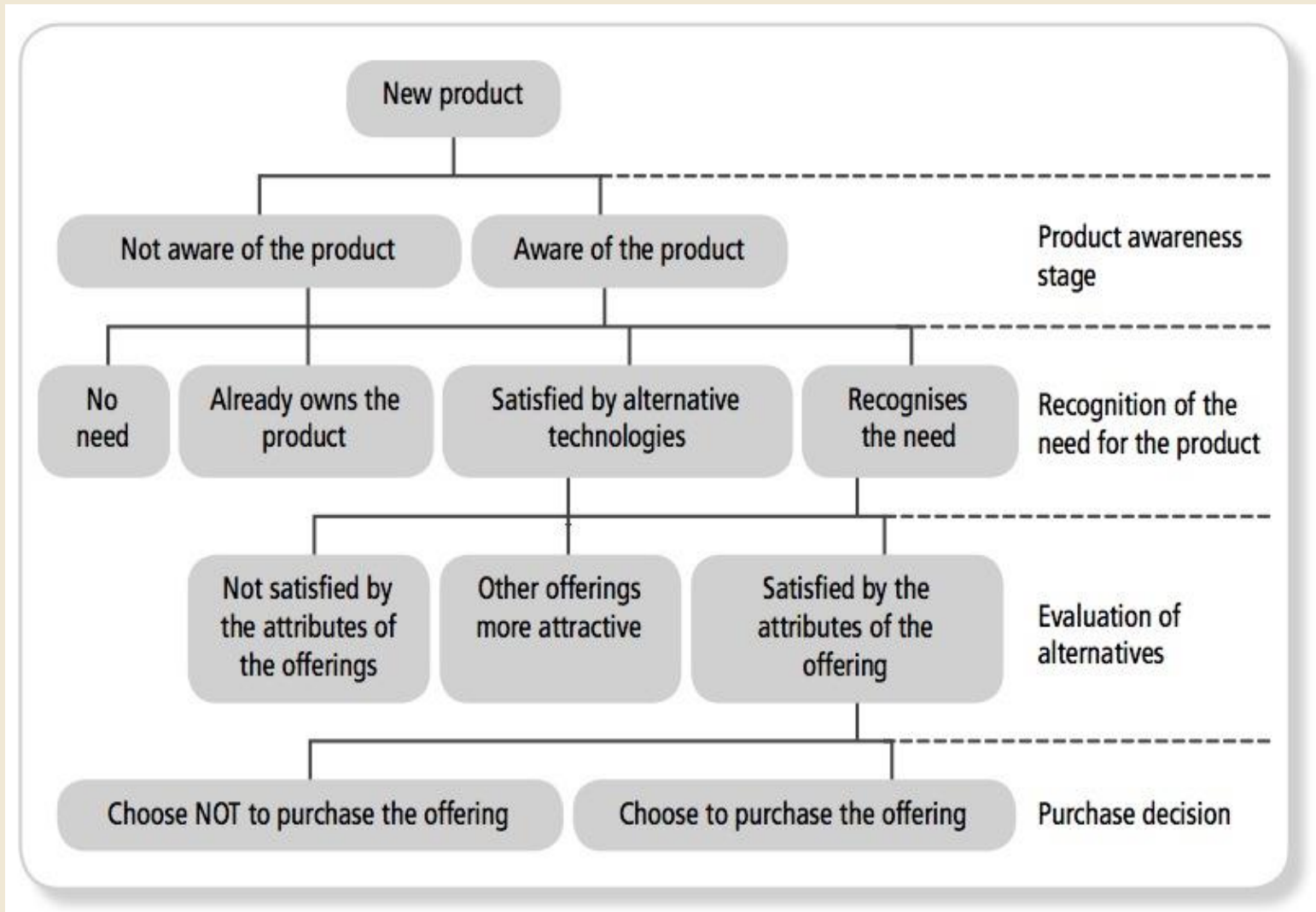
Market potential

- Market potential is the maximum number of customers who can enter the market given a specific market definition
- The number of potential customers is an important input to calculate the size of the market demand
- Market size is determined by:
 - o Revenue or unit sales for a defined product market
(consuming unit) x (rate of purchase)
 - o Within a specified period
 - o Within identified geographical boundaries.

Reaching full market potential



Customer buying process





Reasons for no or slow adoption

- Customers do not need the new product or service
- Customers can not afford the new product
- The new product is not widely available
- Customers do not know how to use the new product
- Customers are satisfied with existing alternatives
- Products are less observable
- Customers are skeptical about the new product's performance
- Customers are not able to try or sample products
- Customer does not want to incur switching costs
- More than one decision-maker is involved in the purchase decision.



Categories of innovation

- Easy sells
- Sure failures
- Long hauls
- Smash hits.



How to manage consumer resistance

- Accept resistance
 - Be patient
 - Strive for significant improvement
 - Eliminate the old
- Minimize resistance
 - Make behaviourally compatible products
 - Seek out the unendowed
 - Find believers.

Source: Gourville (2006:105–106)



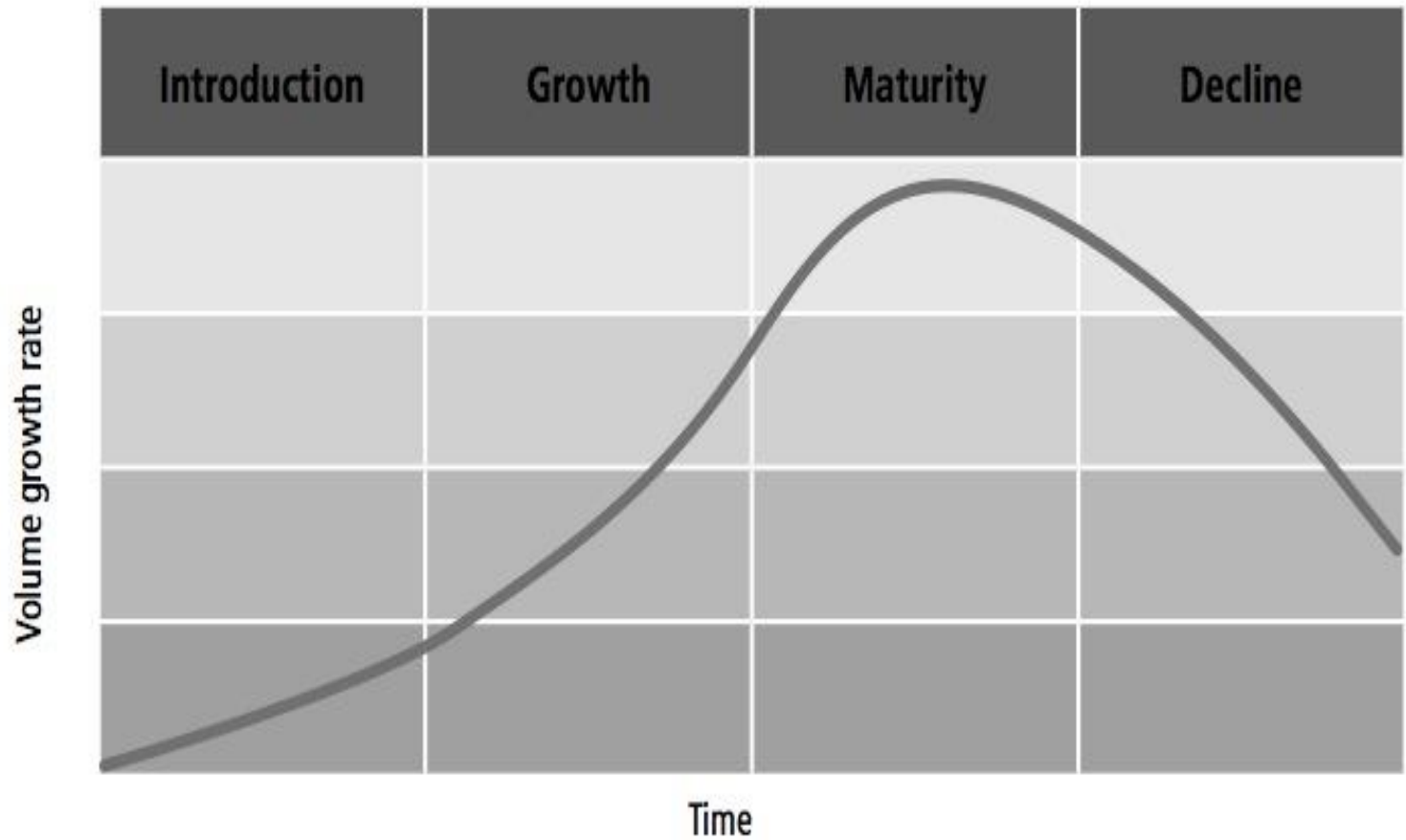
Strategic implications of the PLC

- Products have a finite lifespan
- During this lifespan, they pass through various stages which present different challenges to the marketer
- Most elements of the organization's strategy need to change as the product moves from one stage to another
- Each stage of the PLC offers different profit potentials for products
- Managerial demands and styles vary from stage to stage.

Source: Wilson & Gilligan (2005:479)



Product life cycle





Market share

Market share = Company's share / Total market share

- Indicates how a company is performing relative to its competitors

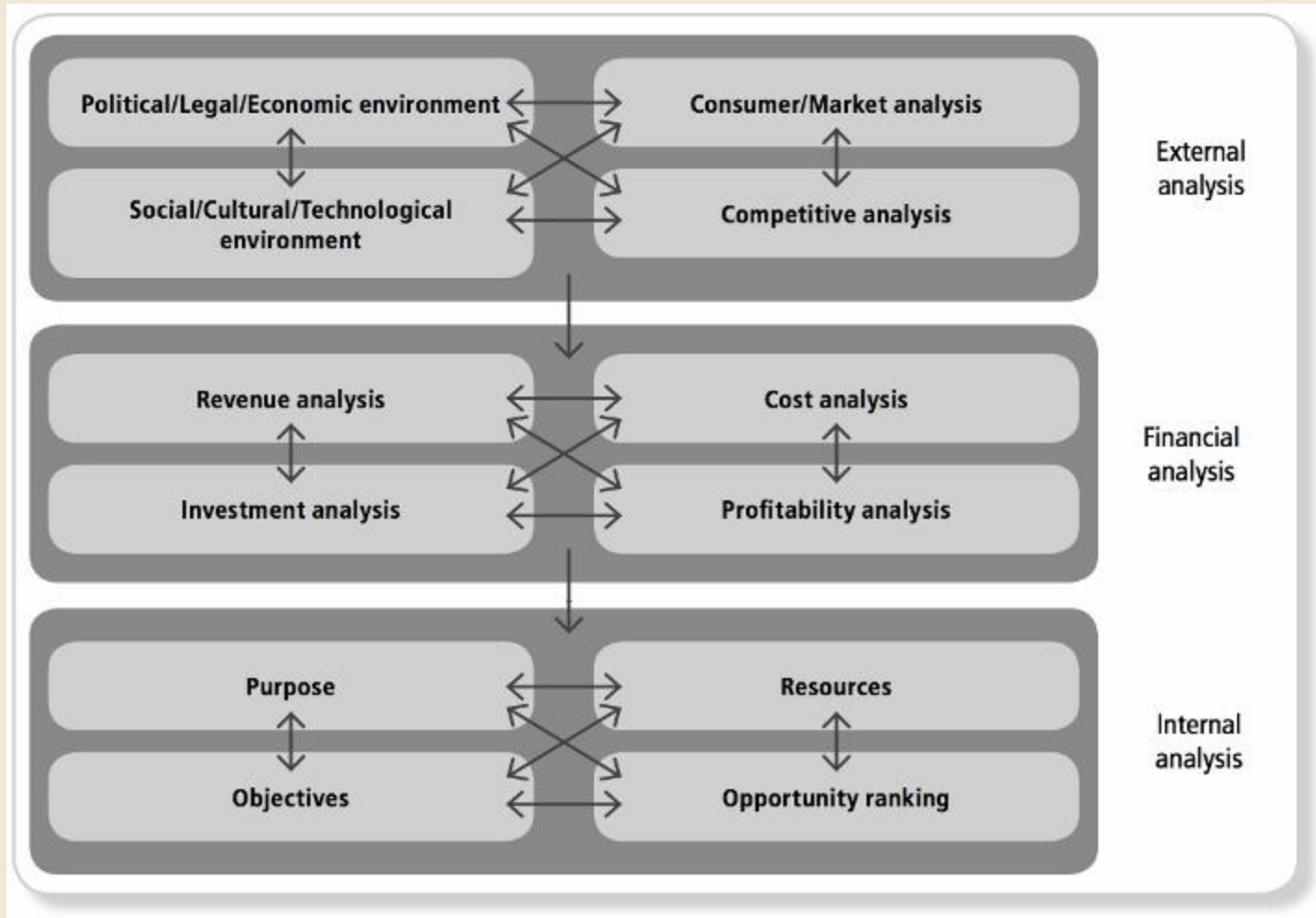


Forecasting

- Use simple methods that you understand rather than complex methods understood by few people; simple methods are often as good as complicated ones
- Choose a forecasting method based on its fitness for the current job, not its past forecasting accuracy
- Use a combination of different methods
- Expensive does not necessarily mean good
- Before making decisions based on forecasts, be aware of the way they were produced, and the limitations and risks involved.

Hooley, Saunders & Piercy (2004:260)

Opportunity analysis



Source: Stevens, Sherwood, Dunn & Loudon (2006)

GE's strategic planning grid

