

MARKETING MANAGEMENT

UNIT-1

PART-X

Concept and Method

Various concepts used under this method are distinguished as:

1. The local market concept. This concept is meaningful only in those economies which have a limited transportation and communications system. Naturally, the producer has no option but to concentrate on particular localities. Therefore, the seller's activities are limited to those customers who-

- a) are geographically fairly close enough,
- b) are willing and able to buy, and
- c) prefer the product.

2. The mass market concept. In a developed economy where transport and communication systems are attractively developed, this concept is adopted. The distinction of mass market and local market could be made in two respects. First the mass market includes all persons who could be reached by transportation facilities and the mass media. *Secondly*, it is assumed that want patterns in the area are almost similar, i.e., it represents homogeneous market preference.

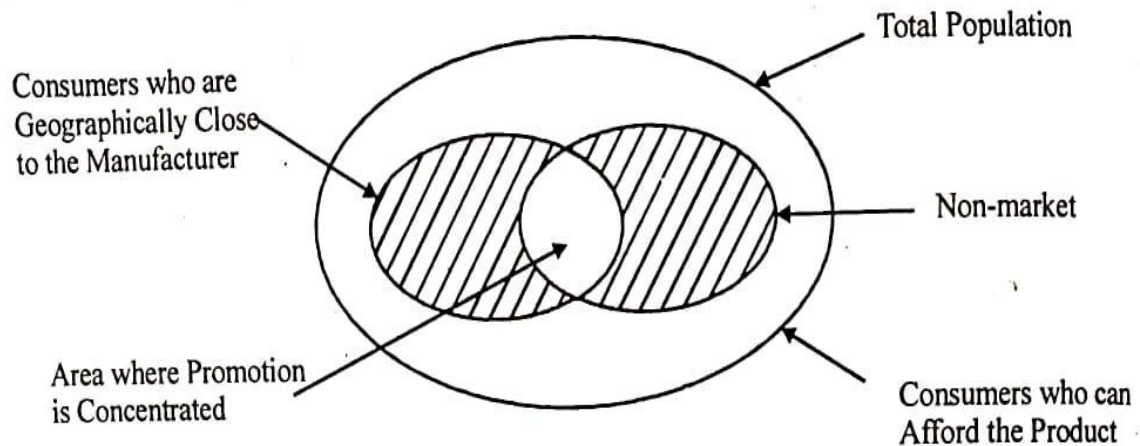


Fig. 8.6: Divisions in Mass Market

In Fig. 8.7, it is shown that a particular product is acceptable to all the three groups. But their acceptance may not and need not be full.

In other words, there would be compromise as to the acceptance of the product in spite of the fact that the product satisfies one and all (For example, area marked 'a' presents consumers with full acceptance for the product. Area 'b' represents the compromised consumers whose behaviour would be they use the product, and they feel the product is less than a reflection of their need still they accept it.

Area contains only few customers and a producer need not concentrate on them. Further, their behaviour cannot be similar at all.

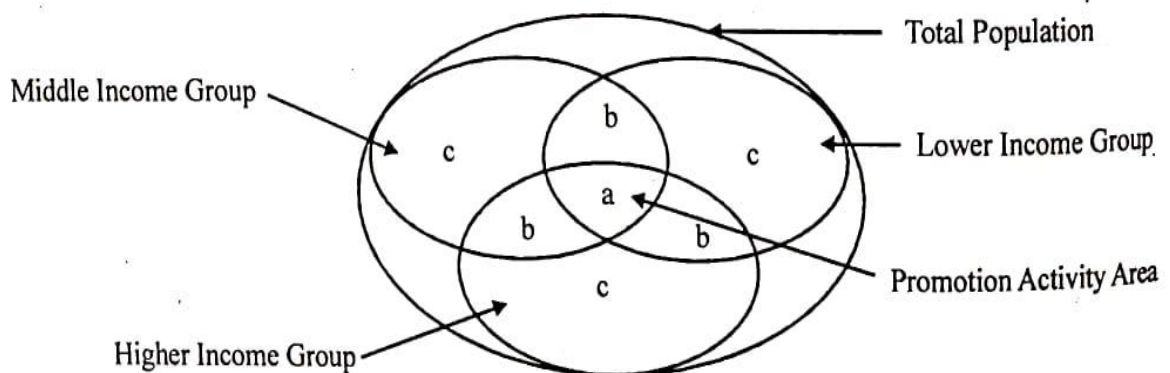
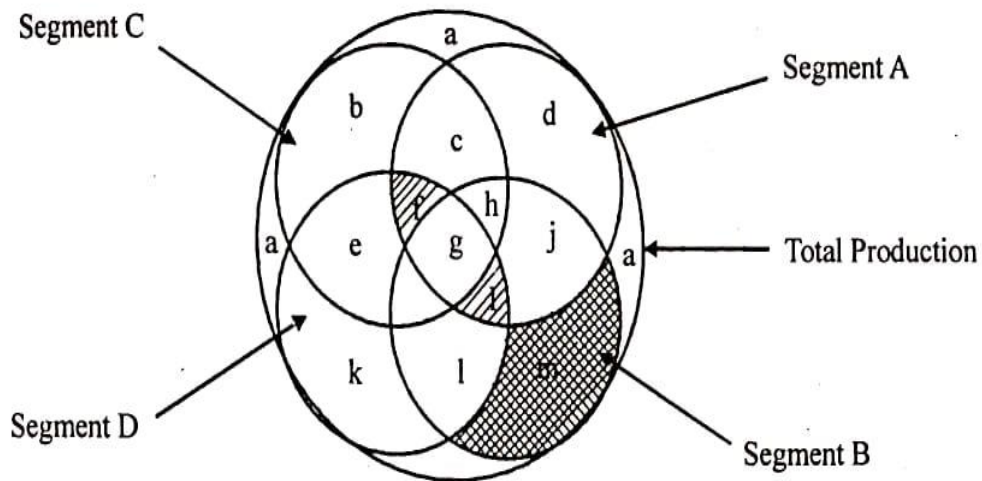


Fig. 8.7: Mass Market Concept

Mass market concept is advocated in an economic system with limited resources and purchasing power. Under such economies, mass production will enable manufacturers to attain low unit cost of production. Indian conditions afford production on a large scale which will lower the consumer prices of products. Unfortunately, producers seem to produce wide varieties of products aiming at certain segments only where the profit margin would be great.

3. The segmented market concept. This concept is just opposite to the mass market concept where the attention will be focused on the majority behaviour of consumers. The minor segments are not given importance under the segmented market concept. This concept is applicable under affluent conditions, where majority of population has a high purchasing power. Here product preferences are great making segmentation of markets deeper.



where a = Inaccessible part of the total market
 a to d = Various segments on the basis of demographic principles
 m = Concentration of consumers fully accepting the product (fully shaded)
 f and i = Comprising customers (shaded with lines)
 b,d,k,j = Various other segments which are either not interested or not aware of the product.

Fig. 8.8: Segmented Market Concept

The sales promotion should be concentrated on the last segments or products should be diversified to suit the interests of these segments. This can be further illustrated as follows:

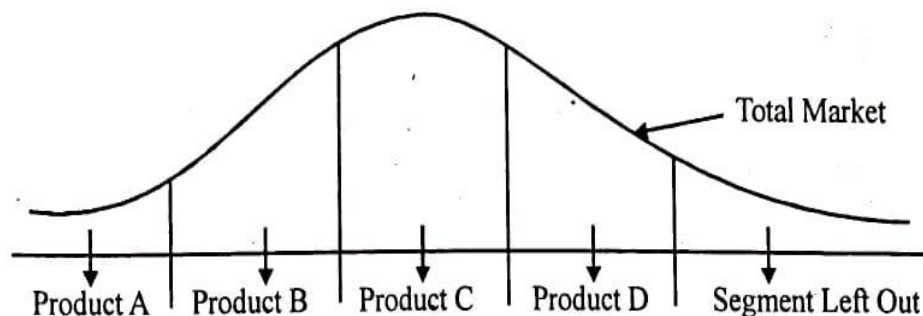


Fig. 8.9: Market Segmentation

It is evident, therefore, that a policy of product differentiation becomes inevitable when markets are to be segmented on the basis of the varying behaviour of the consumers. For example, it is not enough if a firm simply produces one variety of Shampoo. It must make different varieties of Shampoo suitable for dry, oily and normal hair. If the mass market concept is adopted the same product would be marketed for all the segments. In other words, mass market concept policy is 'single product and single market'.

4. The global market concept. A market concept that has gained interest in recent years is the global market concept. This concept is made possible by the development of international transportation and communication system and liberalisation policies adopted by many countries now.

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