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C. 24 Primary versus Selective Demand Stimulation

PRIMARY AND SELECTIVE DEMAND STIMULATION AS PROMOTIONAL APPROACHES

The choice between primary and selective demand stimulation should be an early decision in developing the promotional program of the **marketing mix.** If made at this stage, the decision will provide guidance in later promotional decisions such as the **promotional mix** (GLOSSARY entry C.29), **advertising copy** (GLOSSARY entry C.2), and **advertising media selection** (GLOSSARY entry C.4).

Often the choice between primary and selective demand approaches is made as part of or as an outgrowth of the **positioning** decision (see GLOSSARY entry B.1). The primary versus selective demand decision interacts with the positioning decision, relating particularly to the **target market selection** stage and the product attribute selected as competitive differentiation. Because of this relationship to the positioning decision, the primary versus selective decision is an across-the-variables decision that may influence marketing mix elements other than promotion.

Definition of Primary/Selective. Primary and selective demand represent different promotional approaches to increasing the demand for a product. **Primary demand stimulation** attempts to increase the demand for a total product class based on the commonly available attributes of that product. Advertising that promotes drinking of milk because it is a good source of calcium would be attempting to stimulate primary demand. It would be termed primary demand advertising.

Selective demand stimulation attempts to increase demand for a particular brand within its product class by promoting the advantages of that brand. Advertising for Farmer Jones' Milk that claims it is "Fresher because it comes from local area farms," would be attempting to stimulate selective demand and would be termed selective demand advertising.

Most advertising, by a wide margin, is directed at stimulating selective demand.

How Advertising Influences Demand. **Demand** is the quantity of a product that consumers will buy at a particular price and a **demand schedule** shows the amounts of a product that consumers would buy at various prices. A demand schedule can be shown graphically as a **demand curve** such as the one shown in Figure C.24–1a. Product

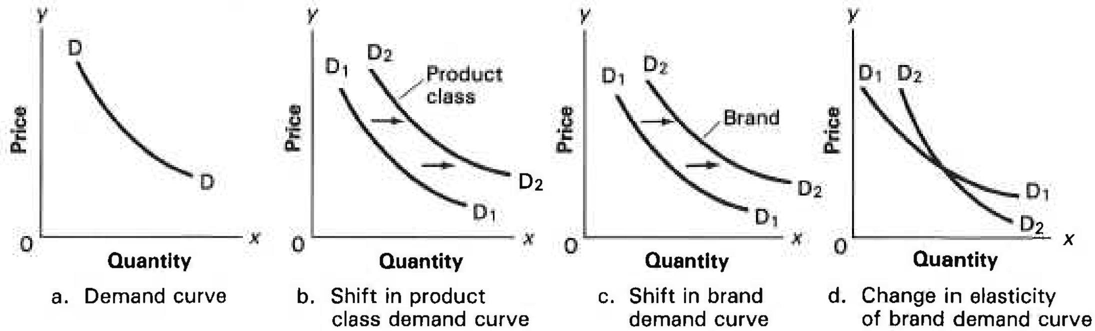

FIGURE C.24-1

Demand Curves

classes and individual brands each have their own demand curves. The proportion in which quantity demanded changes with changes in price is termed the **price elasticity** of demand. Products whose quantity demanded is very sensitive to changes in price are said to have **elastic demand.** Products whose quantity demanded is less sensitive to price changes are said to have **inelastic demand** (see GLOSSARY entry A.14).

How does advertising affect demand? Primary demand advertising, if successful, acts to shift the demand curve for the product class outward as shown in Figure C.24–1b. This means that at any price, more of the product will be purchased. This could happen because the advertising introduced new users to the product, induced current users to use more of the product, or suggested new uses for the product. If individual brands in the product class maintain their share of product class sales, then the demand curve of the individual brand would also shift outward.

Selective demand advertising is designed to act on the demand curve of the individual brand. If as a result of the advertising the brand wins market share away from competitive brands, the brand demand curve would shift outward as shown in Figure C.24–1c. This means that at any given price, consumers would buy more of the advertised brand. If as a result of the advertising the brand loyalty for the brand increased, then the demand curve would become more inelastic. This means that if the price of the advertised brand were raised (or the price of a competitive brand lowered) most consumers would continue to buy the advertised brand and its quantity demanded would fall only slightly. This change in demand is shown in Figure C.24–1d. The result of selective demand advertising can also be a combination of a demand shift and a change in elasticity.

Although it is rarely the announced purpose, the combined effect of selective demand advertising by a number of competitors, especially over the longer term, can increase primary demand for the total product class. The development of markets that takes place during the growth stage of the product life cycle is due to the influx of competitors each offering and promoting its own brand, thereby introducing more consumers and more usage to the market.

Factors Influencing Primary/Selective Effectiveness. The relative effectiveness of primary and selective demand stimulation approaches depends in part on the market conditions that the product faces.

Primary demand stimulation will normally be an effective approach only if the total market is expansible. What factors indicate an expansible market? Most important are favorable **environmental variables** (see GLOSSARY entry A.4). If technological, social, political, and economic trends are supporting the market, primary demand stimulation can heighten market growth. However, primary demand advertising has not proven effective in overcoming unfavorable market trends caused by fundamental environmental forces.[1] Primary demand stimulation is also more likely to be effective when there are substantial numbers of already motivated prospects who have not purchased because they are unaware of the product. Primary demand stimulation is not effective if it attempts to motivate purchase among those without a salient, unfulfilled need. Primary demand stimulation is more likely to be effective if new uses can be found for the product that would induce current users of the product to use more and provide a basis for introducing nonusers to the product.

Conditions favoring the success of selective demand stimulation are quite different. Selective demand efforts are most successful when the advertised product has a competitive advantage. This permits the advertised brand to take market share away from its competitors, resulting in an outward shift of the demand curve for the brand. Selective demand stimulation can also be successful if its market can be segmented into distinctive need groups. This permits a brand to pick a segment as its target and offer a customized marketing mix to those target market consumers. This tends to build customer loyalty, resulting in a more inelastic demand curve.

CRITERIA FOR CHOOSING BETWEEN PRIMARY AND SELECTIVE DEMAND STIMULATION

Understanding the influence of demand stimulation efforts on demand curves and the market conditions leading to success suggests several criteria for choosing between a primary demand and a selective demand approach. These criteria are presented below and summarized in Figure C.24–2.

[1]Neil H. Borden and Martin V. Marshall, *Advertising Management: Text and Cases,* rev. ed. (Homewood, Ill.: Richard D. Irwin, 1959), pp. 45–50.

Does the Positioning Give Guidance? The task of the marketing mix is to carry out the positioning decision. The positioning is the first place to look for guidance in making a marketing mix decision. If the positioning reveals that the target market is a segment of the market rather than the total market, then selective demand stimulation is called for. If the positioning decision reveals a strong competitive advantage, then selective demand efforts are called for and should be successful. However, if the product is the market leader and has been positioned preemptively against the total market (see GLOSSARY entry B.1), then primary demand advertising may be called for.

What Is the Competitive Market Structure? Before deciding between a primary or selective demand strategy, the marketer should determine the **competitive market structure** (see GLOSSARY entry A.1) in which the brand will compete. If the market is purely competitive there is unlikely to be promotion, so the issue will not arise, but as the market moves toward monopolistic competition, products become differentiated and marketers should pursue selective demand strategies to build some inelasticity into the demand curves for their brands.

In oligopoly, selective demand strategies are likely to continue as competitors attempt to maintain competitive product advantages, satisfy the needs of selected segments, and steer away from price competition. There are some exceptions, however. If a brand gains a dominant market share, it may attempt a primary demand approach to expand the total market, thinking that it will capture much of the gain in its market share. Campbell, for example, has used the primary appeal "Soup is good food," feeling, apparently, that with its 80 percent share of the soup market it would benefit from any growth that was stimulated in the market.

If a brand gains a monopoly or a near monopoly, then growth of the brand will depend upon primary demand stimulation since there are no competitors from which to gain market share. Some utilities are in this position. Gas companies, for example,

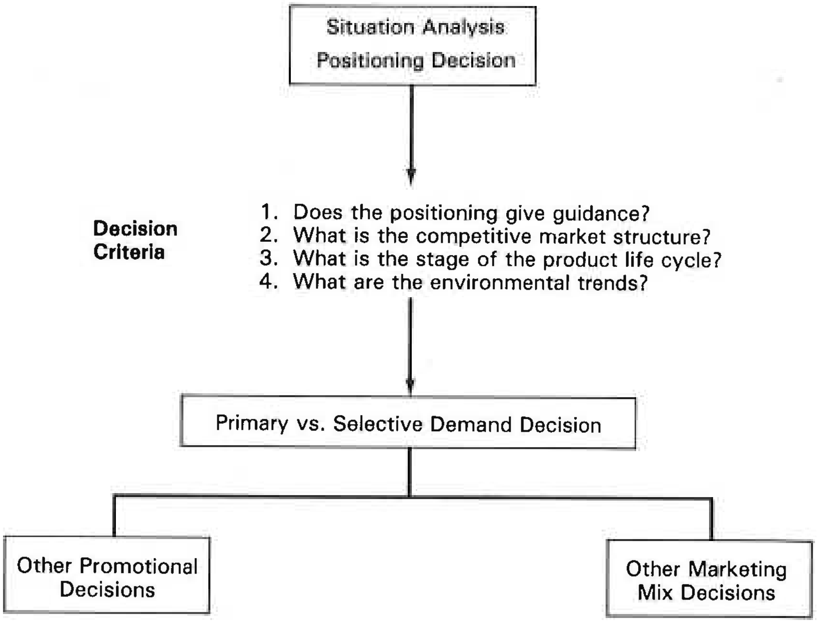

FIGURE C.24-2

Criteria for Making the Choice between Primary and Selective Demand Stimulation

promote the benefits of gas appliances knowing that any increase in the market will belong to them.

What is the Stage of the Product Life Cycle? The attractiveness of primary demand and selective demand strategies vary by stage of the **product life cycle** (see GLOSSARY entry A.15). During the introductory stage, the innovating brand will hold a monopoly position. A primary demand stimulation approach must be used to introduce new users to the product and build the market for the product. As the product category enters the growth stage, competitors will enter through product improvements and through segmenting the market. Their promotional programs will use selective demand advertising as they attempt to win customers away from the innovator and build brand loyalty. During maturity, brands attempt to build secure positions that will enable them to survive the squeeze-out of weak competitors. Selective demand promotion will be important to this as they build preference for their brand through competitive product advantages and customized offerings to target segments.

In the later stages of maturity, when the market has consolidated, the applicability of primary demand stimulation may reappear. Marketers may attempt to reignite market growth by developing new uses for the product or new forms of the product. These efforts may call for the use of primary demand stimulation. Occasionally, usually during maturity or decline, marketers in an industry band together through a trade association and contribute to a promotional effort designed to stimulate demand in a market. Such efforts at primary demand stimulation have been made on behalf of agricultural groups (raisins, walnuts, eggs, milk, and so forth), hardwood flooring, brick as a home building material, and carpeting.

In decline, promotion may remain selective, but as competitors exit the market, promotion may once again become primary.

What Are the Environmental Trends? Changes in the marketing environment cause market growth or decline. If environmental variables such as technology, economic activity, or social/cultural patterns are unfavorable to market growth, then attempts to reverse the trend through primary demand advertising are unlikely to be successful. Advertising is simply not a strong enough force to overcome these more fundamental forces. In such cases, the better course of action is to adjust to the changed conditions and protect the individual brand through selective demand efforts (see GLOSSARY entry A.4).

SUGGESTIONS FOR FURTHER READING

BORDEN, NEIL H., and MARTIN V. MARSHALL. *Advertising Management: Text and Cases,* rev. ed. Homewood, Ill.: Richard D. Irwin, 1959, chaps. 1–4.