

CONTRIBUTIONS OF THE MICRO-ECONOMY IN SOLVING MARKETING-RELATED PROBLEMS

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Abstract. The background where the companies develop is determined by the relationship between the company and the market. This relationship is based upon the rapport between the company and the market. This connection is related to the rappsorts between demand and offer, the way of allocating resources and other mechanisms that determine the production and the exchanges between the firms. All these elements pertain to the fundamental conception of economic science and are the founders of the marketing microeconomic theory

The solving of a marketing problem implies an activity through which the company maintains or improves its own marketing system performance. In this respect, it is necessary to establish the objectives that are to be fulfilled, to identify the possible solutions, the cost components afferent, to determine the significant relations among the problem factors, to measure the degree at which the objectives will be fulfilled in comparison with the costs or the used resources and the choice of the alternative that will be implemented.

Many of the theories used in marketing are built on the basis of the microeconomic theory. The contribution of the micro economy to solving the marketing problems refers to the way in which certain problems are solved in the company, such as: economic rationality that determines eventually the efficiency of resource allocation and use; demand and offer curves that can be derived with the help of marginal analysis; information and rationality of the decisive factors that determine the maximization of the company profit; optimization of the cost and utility functions; they all lead to anticipate the behavior of different economic variables, and finally to a more profitable upgrade of the components of the marketing mix.

In order to make the best use of the available resources to solve a marketing problem, a series of basic microeconomic concepts are used, through which there can be identified optimal ways of transformation of resources into values or of resource optimal combination to ensure the result desired.

One of the marketing problems for whose solving one resorts to the microeconomic theories refers to the knowledge of the consumer needs in order to be satisfied, on one hand, on the other, in order to anticipate the demand and finally to organize the production for maximizing the company profit. Further on, the marketing experts are interested in the consumer behavior, starting with his freedom of choice and with the buyer economic

estimations. The consumers use their freedom of choice in order to maximize their economic satisfaction.

From the classical economic science, the marketing microeconomic theory took the concept of production homogeneity as well as the demand homogeneity; the notion of balance between demand and offer, that it is made by successive adjustments of the price and quantity, as well as a very simplified vision of the company, in the sense that the company produces and sells one product, it is managed by its owner and has one objective, namely to maximize the profit, and operates in a perfect competitive environment. The decision regulation that will be applied here is that of determination of the optimal volume of production that will be given by the point in which the marginal cost is equal to the marginal income. The unique company objective, the profit maximization, is not seen as continuous but as a non temporal phenomenon.

But the marketing microeconomic theory ignores concepts such as: the complexity of the economic organizations, the existence of several decisive factors in the hierarchy of the board, the multitude of company objectives, the stimulation of the personnel, the mechanisms of the bureaucracy as standard processes of decision customization, control problems, budget idea, etc. Marketing withholds the most part of the fundamentals of the neoclassic economic science, but in the same time could not withhold (under the reality pressure) the methodology of this science. This is also the reason for which many of the marketing quantity models, especially of the normative ones have a non realistic character.

Unlike the marketing experts, the theoreticians of economy are interested in the circulation of the goods under the aspect of goods and service fluxes at microeconomic level. Yet, marketing is concerned with the microeconomic level of goods and service fluxes between companies and buyers. Nonetheless, marketing undertook important theoretical economic concepts such as:

- product differentiation;
- market segmentation;
- product positioning;
- publicity and promotion economical theory;
- commercial network location
- competition outside the price.

Also, marketing operates with a series of concepts such as: Engel curves, elasticity of the demand in comparison with the price and income; marginal decision preference measurement, scale economies; etc. The marketing concept in itself derives from the economic theory of consumer sovereignty proclaimed by Keynes.

Another problem that can be solved with the help of the microeconomic theory refers to efficacy (the degree at which the objectives were fulfilled), and efficiency (the degree at which the objectives were accomplished, connected to the available resources). The company marketing system operates efficiently on the market only if it satisfies the consumer needs by mix marketing adequate to the market segments and if the effects obtained by the mix marketing are those anticipated. Extremely important are also the conditions of economizing on the basis of which the system functions, that is the costs by which the system efficiency is obtained.

In marketing, orientation towards efficiency means to obtain incomes bigger than expenses. In this respect the company has two possibilities:

- adaptation of the marketing activities to the consumer demand;

- efficient and rational allocation of the necessary resources to fulfill the objectives and the purposes established

As regards the allocation economic theory, - as a mathematical logic of assessment of rare resources – has a bigger importance for marketing experts, but it is not sufficient because the basic domain of the marketing science is the study of preferences level (which are not fixed, time independent, as the neoclassic economy supposes); the role of the technologies, the information fluxes; all these being considered by the economist as implicitly known.

The simplest and generalized form of efficiency in marketing is the benefit. This is given by the difference between the company entries (under the form of production factors) and outputs (under the form of products). The benefits in marketing resort to some microeconomic concepts, namely: the quantity produced; its quality; the costs for obtaining the quantity and the quality; the costs of the activities through which the product is made available for the consumer at some point; the sale price.

In some cases, the different functions of the company consume out of its limited resources, fact that leads to the need of optimization calculations, meaning to select the quantities of products, the level of marketing efforts and the price that will maximize the benefit. Thus, it is determined the total cost function (that includes the production and marketing costs linked to the production and the sale of a given quantity of products), the income function (that depends on the unity price, multiplied by sold quantity) and the demand function (in which the quantity sold depends on the price). On the basis of these relations and of the application of the derivatives from the differentiated calculation, there are established the optimal production, the optimal price and the optimal benefit. The respective company can also calculate that modification of the benefit (or of the demand) that will result following the modification of the marketing variables – price, production cost, publicity ad promotion expenses, etc.

Marketing is also involved in commensurable economic rationality in domains such as: warehouse and store location; publicity efficacy and efficiency and the promotion efforts; determination of price policy alternatives; stock administration, delivery and transport programming, etc.

In marketing, a series of econometric models are applied in order to obtain new knowledge. In general, these are represented by the modification of the objective function by using empirical knowledge concerning the purposes of the microeconomic unities. The modification of the objective function can be made by substitution of another entity (such as sales), in the place of the profit, after which a new entity is maximized. Another way is to replace the profit with a utility function that includes the effects of several entities, after which the utility is maximized. Thus, according to the utility, arguments that were ignored in the initial microeconomic conception are introduced. Both approaches were considered as being managerial, as they aim the decision elaboration processes.

In the economic analysis, when the price problem is being considered, it is supposed that all the buyers and the sellers are informed on the quantities, qualities and prices of the available goods. It is also supposed that the producers and the sellers maximize their benefits or advantages, they know the costs of different resources and technologies at different production scales and they surely know how to combine all this information in order to accomplish maximal benefits and advantages. The interaction between the consumers (perfectly rational) and the producers (perfectly rational) is supposed to make a maximum of

consumption and production. The role of the marketing expert is to determine and to measure the content of these presumptions which the economist considers tacitly implicated.

Yet, in marketing, the satisfaction of the buyers and sellers needs, as well as the balancing of their desires and offers, is made through evaluations, choices and negotiations, fact that represents a far more complex reality than the theoretical conceptualization of the interaction between the curves of demand and offer. In marketing in order to harmonize the demand and the offer, it must be taken into consideration the factors that separate and make a distance between the two terms: the space, the time, the technologies, the product form and especially the information. In this respect, the marketing experts are not satisfied with the way in which in the economic analysis the balance between the demand and the offer is treated, under the form of a single point in which the two curves intersect, ignoring, thus, the multiple aspects of the behaviors implied.

Unlike the economic analysis, the marketing experts are preoccupied with some aspects such as: the way in which the consumer preferences are formed and ranked, the influence of the sale promotion efforts, publicity effects on the modification of the market preferences. On the other hand, marketing studies thoroughly a series of problems that the economic analysis simplified, such as: the complexity of the activities that lead to establish the final price and to the sale levels of the respective product. All along this marketing process a series of functions are being carried out, which cover several levels of selling-buying, package design, sorting activities, quality classification, storage, transport, ensuring and financing, the final price reflecting all these operations and the general efficiency of the marketing processes.

For certain marketing domains, the microeconomic theory offers a useful and rich source of theories, concepts and ideas, but it does not constitute an adequate explanation of the real market. Therefore, marketing resorts to other sciences such as: sociology, psychology, because its final purpose is the improvement of the marketing activities and, through it, to satisfy better the consumers.

The key of economic and financial success of the company lays in the marketing responsibility, which has the role of maximizing the satisfaction of the consumers or of their options.

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