**Demand Chain Planning**

Demand chain planning involves a company focusing on the target market first and then planning its operations backwards to meet the specific needs of that market. This approach emphasizes understanding and responding to customer demand before developing products or services. Traditional marketing concepts like the 4Ps (Product, Price, Place, Promotion) are evolving into the SIVA model, which stands for Solution, Information, Value, and Access.

**SIVA Model**

* **Solution**: Focuses on providing solutions to customer problems rather than just products. This means understanding customer needs deeply and designing offerings that solve those needs effectively.
  + **Example**: Dell offers customizable PCs that cater to specific user needs, from gaming to business applications.
* **Information**: Providing comprehensive and accessible information about products and services so that customers can make informed decisions.
  + **Example**: Microsoft offers detailed product information, tutorials, and customer reviews on their website to help customers choose the right software or device.
* **Value**: Ensuring that the product or service offers significant value to the customer, both in terms of cost and benefits.
  + **Example**: IBM’s enterprise solutions deliver high value through advanced technology and robust support services, justifying the investment for large businesses.
* **Access**: Making the product or service easily accessible to customers through various channels and touchpoints.
  + **Example**: Apple products are available online, in Apple stores, and through numerous retail partners, providing easy access for consumers.

**Value Networks**

A value network is a broader concept that places the company at the center of a system of partnerships and alliances. This network includes suppliers, suppliers' suppliers, immediate customers, and their end customers. The value network aims to enhance the efficiency and effectiveness of delivering the company's offerings.

**Components of a Value Network**

1. **Firm’s Suppliers**: Partners who provide the raw materials, components, or services needed to create the company’s products.
   * **Example**: Samsung sources components like chips and displays from various suppliers to manufacture its smartphones.
2. **Suppliers’ Suppliers**: These are the suppliers of firm’s suppliers.
   * **Example**: For a car manufacturer like Toyota, the steel supplier’s iron ore providers are also part of the value network. Here, iron ore providers are suppliers of firm’s suppliers.
3. **Immediate Customers**: Direct buyers of the company's products, which can be individual consumers or other businesses.
   * **Example**: Dell’s immediate customers include both end consumers purchasing laptops online and corporate clients buying servers and IT solutions.
4. **End Customers**: The final consumers who use the product or service. Understanding their needs is crucial for demand chain planning.
   * **Example**: For Coca-Cola, the end customers are the people who purchase and consume their beverages from retail stores or vending machines.

**Examples of Value Networks in Practice**

**1. IBM**:

* **Suppliers**: Technology component manufacturers, software providers.
* **Suppliers' Suppliers**: Raw material providers for technology components.
* **Immediate Customers**: Enterprises, government agencies.
* **End Customers**: Users of IBM’s technology solutions and services.

**2. Dell**:

* **Suppliers**: Component manufacturers like Intel (processors) and Seagate (hard drives).
* **Suppliers' Suppliers**: Suppliers of silicon for processors, metals for hard drives.
* **Immediate Customers**: Individual consumers, businesses, educational institutions.
* **End Customers**: Students, professionals, gamers using Dell PCs and laptops.