

# Chapter 5

## **Analyzing the marketing environment**

# A couple of things

- Group project teams
  - Deadline to form teams is this week
- Deadline to request alternative to research studies

So what have we learned thus far?

- Mission statement (organization's "purpose") drives your marketing strategy.
- Marketing tactics (**HOW** you execute) = your **MARKETING MIX** (4P's)
  - **Product**
  - **Price**
  - **Promo**
  - **Placement**

Yes, a great **PRODUCT** is vitally important to running a great business... but **PRICE** sensitivity by your customers, for example, may drive certain decisions about how you optimize your **PRODUCT**. So the 4P's should be considered **holistically**.

**Digital Marketing** – an increasingly important component of your marketing mix

**Ethics** - Ethical decisions are not always black and white

- Outline how the company, competitors, and corporate partners affect marketing strategy
- Explain why marketers must consider their macroenvironment when they make decisions
- Describe the differences among the various generational cohorts
- Identify various social trends that affect marketing

# Netflix evolution over time

Netflix revolutionized how we watch movies and TV shows

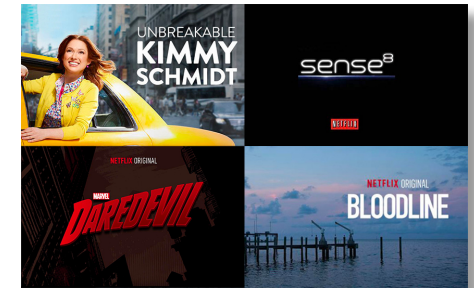
**1997**



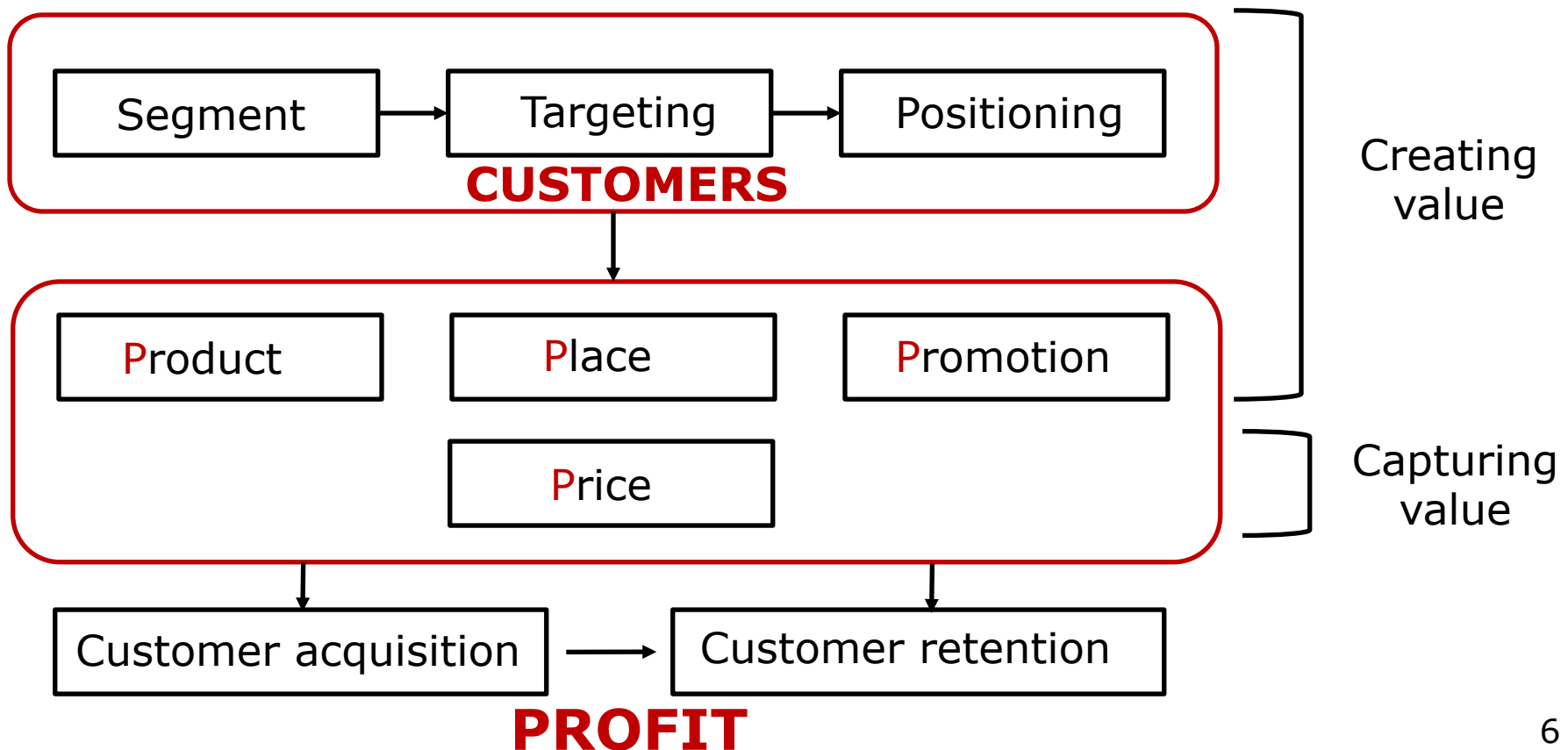
**2007**



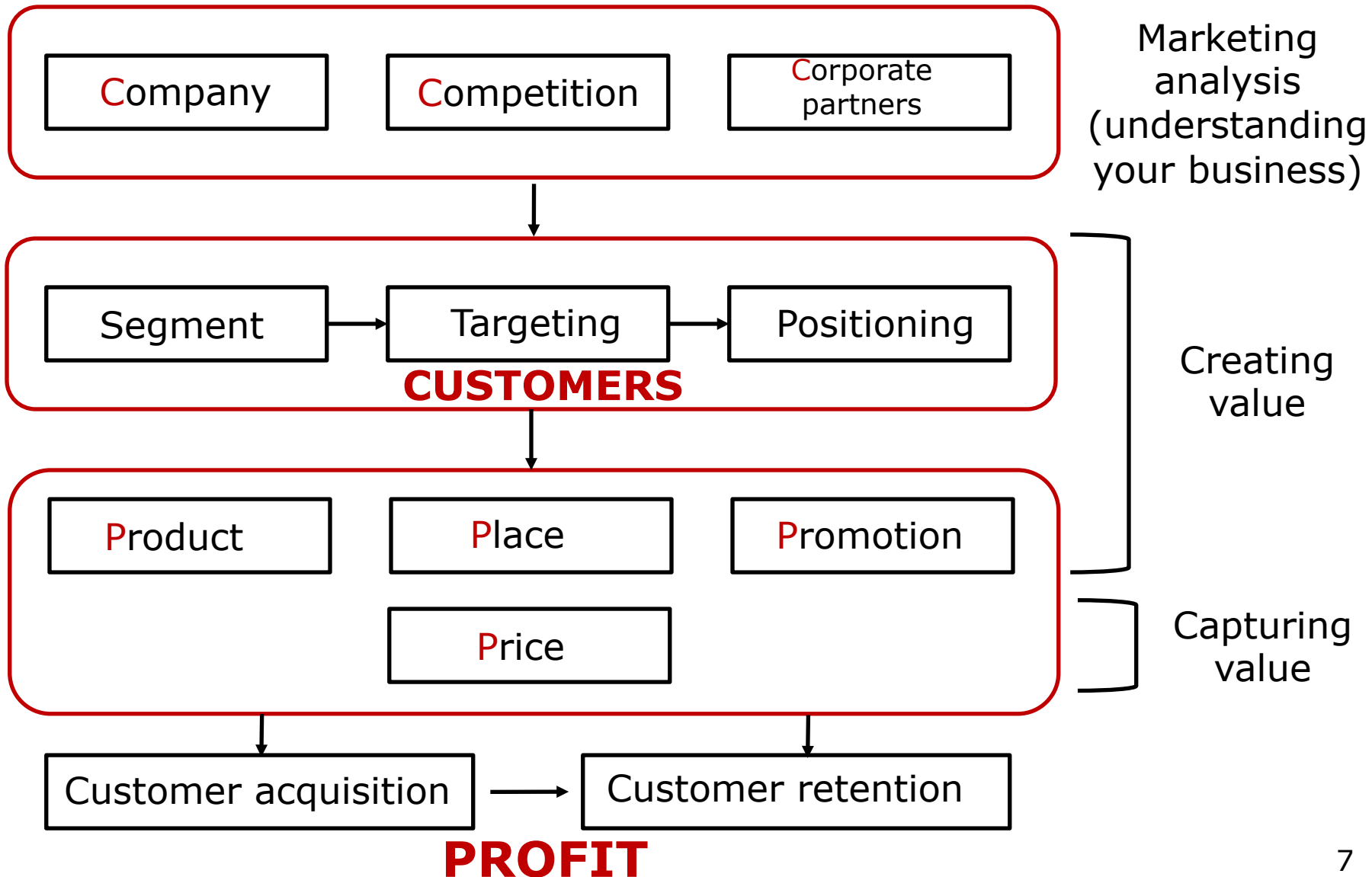
**Today**



# The big picture



# The big picture



## SWOT

### Immediate environment

Company

Competition

Corporate  
partners

Marketing  
analysis  
(understanding  
your business)



# Marketing analysis

## SWOT

### Immediate environment

Company

Competition

Corporate  
partners

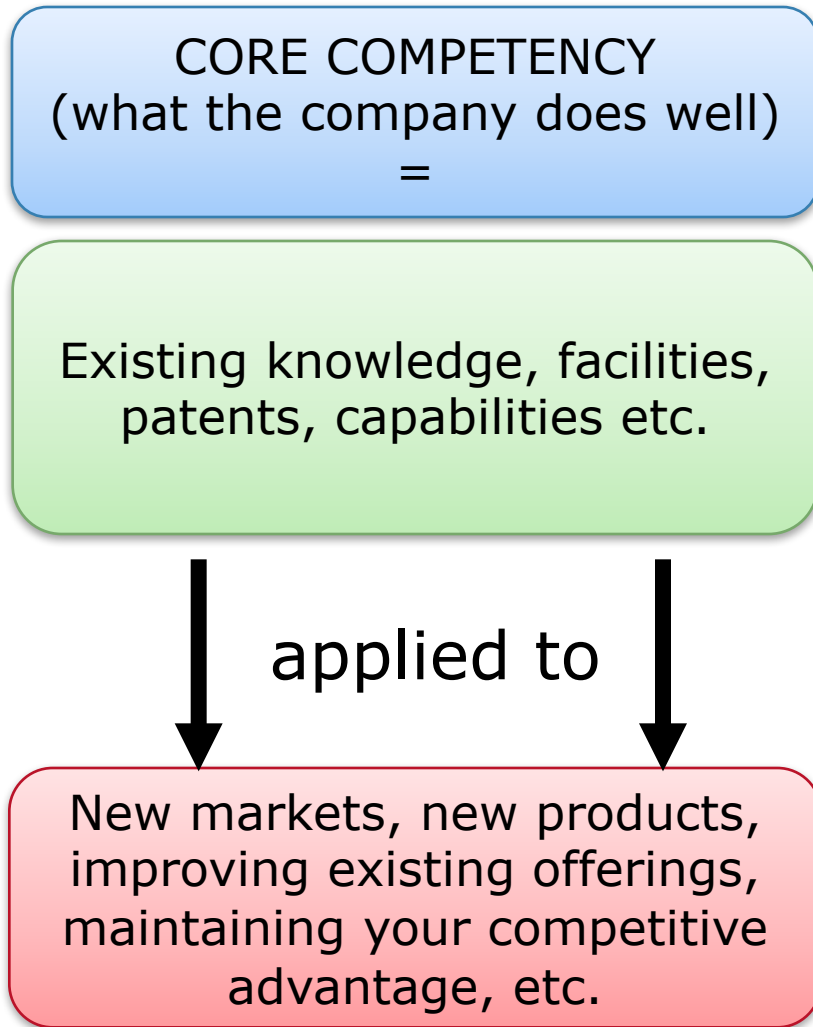


### Macroenvironmental factors

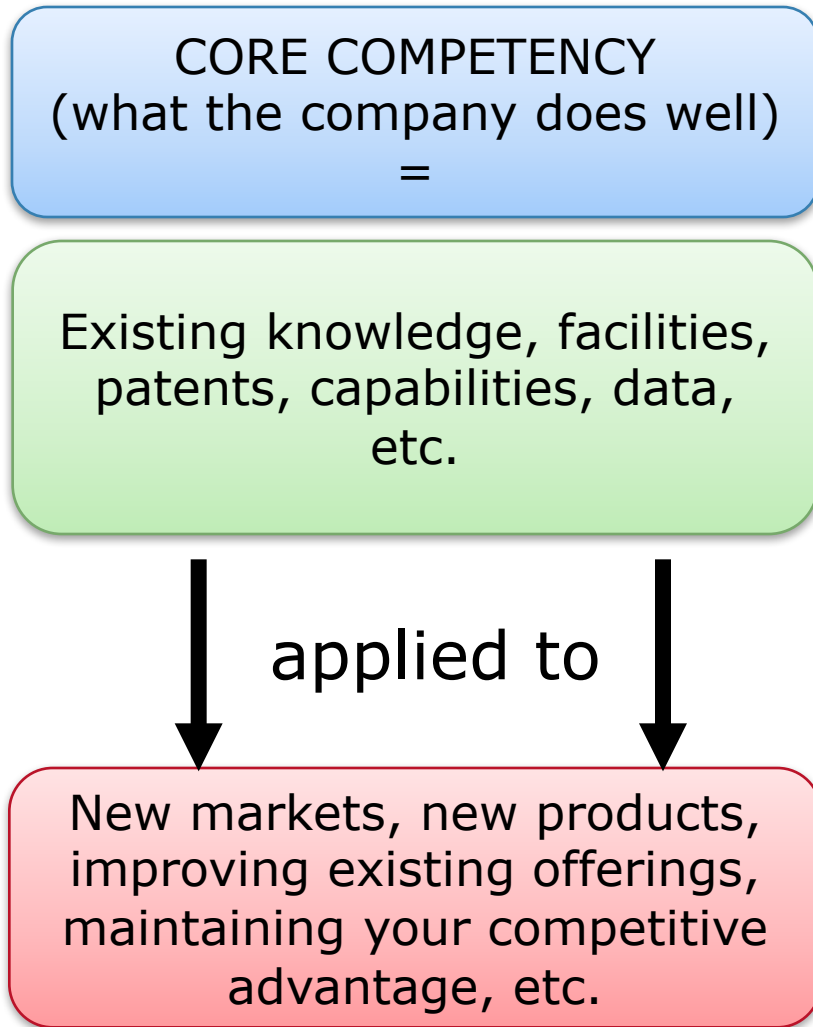
Culture, demographics, social trends, tech. advances,  
economic situation, political/regulatory situation

Marketing  
analysis  
(understanding  
your business)

# Company capabilities



# Company capabilities

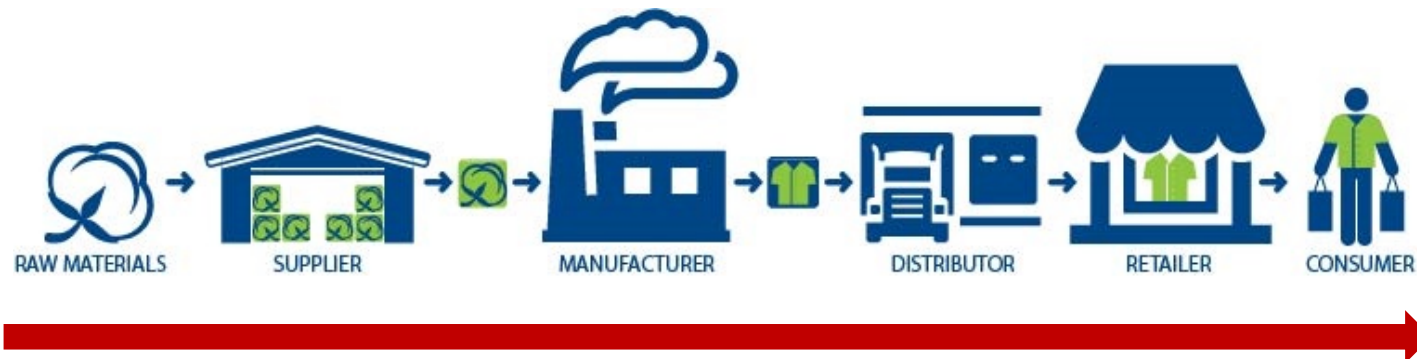


- Identify your competitors
- You must know their strengths & weaknesses (SWOT)
- Proactive rather than reactive strategy
  - Gather publicly-available information about your competition
  - But avoid illegal actions!

# Competitors

- Identify your competitors
- You must know their strengths & weaknesses (SWOT)
- Proactive rather than reactive strategy
  - Gather publicly-available information about your competition.
  - But avoid illegal actions!
- Figure out how to keep consumers engaged with your brand (loyalty)
- Coca Cola Super Bowl Ad example
  - <https://www.youtube.com/watch?v=gvp28D6m7iQ>

- Firms are part of alliances
- Align with competitors, suppliers, etc.
- For example: have you partnered with the right firms for effective management of your logistics systems??
  - E.g., have the right stock -- more about this in chapters 15-16



- Culture



- Culture



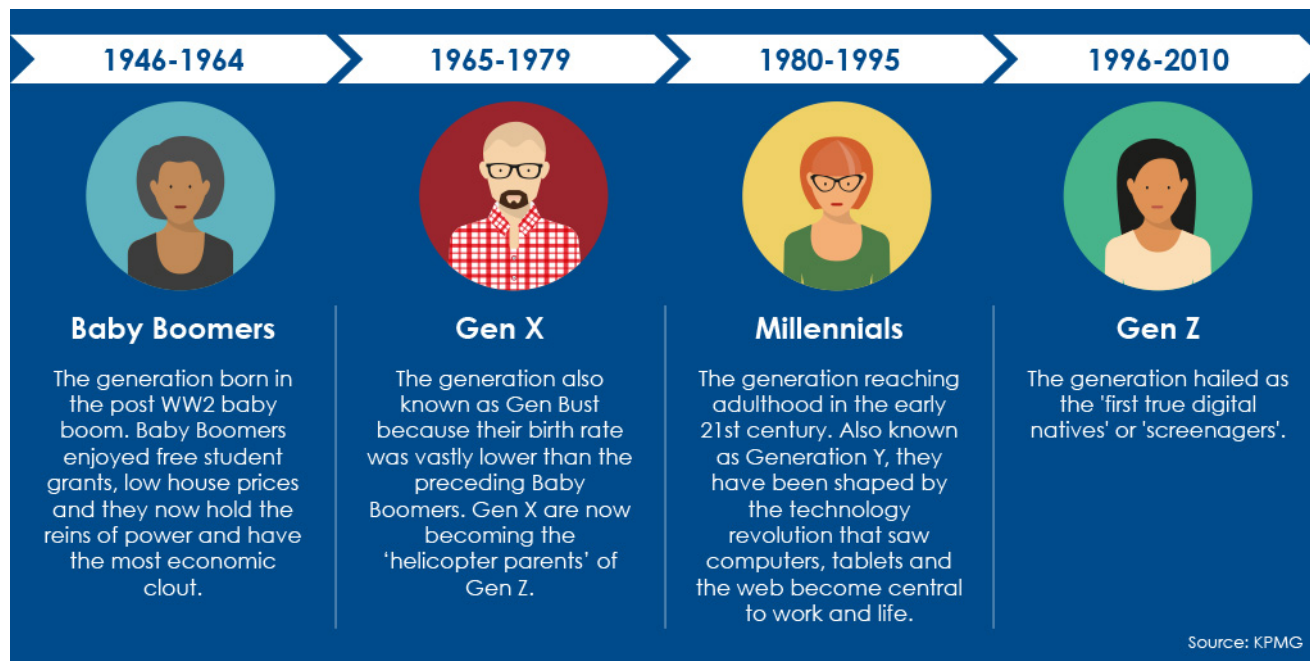
## **Can Emerging Markets Tilt Global Product Design? Impacts of Chinese Colorism on Hollywood Castings**

We investigate whether the economic rise of emerging markets may have begun to impact the typical “one-size-fits-all” design of many international product categories. Focusing on Hollywood films, and exploiting a recent relaxation of China’s foreign film importation policy, we provide evidence suggesting that these impacts may exist and be non-negligible. In particular, **we show that the Chinese society’s aesthetic preference for lighter skin can be linked to the more frequent casting of pale-skinned stars in films targeting the Chinese market.** Implications for the design of international products are drawn.



# Macroenvironmental factors: Demographics

Provides an easily understood snapshot  
of the typical consumer in a specific target market



How do these generations differ?

Health and Wellness  
Concerns

Greener consumers

Privacy concerns

## Health and Wellness Concerns

McDonald - <https://www.youtube.com/watch?v=-c-OTfRgJtY>

Greener consumers

<https://www.youtube.com/watch?v=r0iDIFVkrLE>

Consumers are becoming concerned about how firms use their data

- Firms are making a lot of effort to be as transparent as possible about data usage, e.g., Facebook

Privacy concerns

# Macroenvironmental factors: Technological Advances



- Technology has impacted every aspect of marketing
  - New products
  - New forms of communication
  - New retail channels

# Macroenvironmental factors: Economics

Foreign currency  
fluctuations



Combined with inflation  
and interest rates affect  
firms' ability to market  
goods and services



# Macroenvironmental factors: Policy and Regulations

- Competitive practice and trade legislation
- Lately we have seen many companies being targeted by policymakers
  - Airbnb
  - Uber



- Marketing analysis
  - Immediate environment
    - Company, Competitors, and Corporate partners
  - Key macroenvironmental factors
    - Culture, demographics, social issues, technological advances, economic situation, and political/regulatory environment.
- Some social trends shaping consumer values and shopping behavior
  - Health, Green, Privacy

1. What are the components of the immediate environment?
2. Name three macroenvironmental factors