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

• Project idea
Review

• 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 as a whole

Digital Marketing – an increasingly important component of your marketing mix

Ethics - Ethical decisions are not always black and white
Today

- 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 revolutionized how we watch movies and TV shows

1997

2007

Today

The big picture

Creating value

Capturing value

Customer acquisition → Customer retention

PROFIT

Segment → Targeting → Positioning

Product → Place → Promotion

Price

Customer acquisition → Customer retention

PROFIT
The big picture

Company \rightarrow \textbf{CONSUMERS} \rightarrow \textbf{Corporate partners}

Segment \rightarrow Targeting \rightarrow Positioning

Product \rightarrow Place \rightarrow Promotion

Price

Customer acquisition \rightarrow Customer retention

Marketing analysis (understanding your business)

Creating value

Capturing value

PROFIT

CONSUMERS
The big picture

Immediate environment

Company → **CONSUMERS** → Competition

Corporate partners

Marketing analysis (understanding your business)
The big picture

**Immediate environment**

- Company

  →  CONSUMERS

  ↓  Competition

  ←  Corporate partners

**SWOT**

Marketing analysis (understanding your business)
The big picture

**SWOT**

- **Company**
- **Competition**
- **CONSUMERS**
- **Corporate partners**

**Immediate environment**

**Macroenvironmental factors**

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

Marketing analysis (understanding your business)
Company

CORE COMPETENCY
(what the company does well)
=

Existing knowledge, facilities, patents, capabilities etc.

applied to

New markets, new products, improving existing offerings, maintaining your competitive advantage, etc.
Company

CORE COMPETENCY (what the company does well) =

Existing knowledge, facilities, patents, capabilities etc.

applied to

New markets, new products, improving existing offerings, maintaining your competitive advantage, etc.

NETFLIX
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!
• 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
Corporate Partners

- 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
Macroenvironmental factors: Culture

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.

https://mpra.ub.uni-muenchen.de/82040/1/MPRA_paper_82040.pdf
Provides an easily understood snapshot of the typical consumer in a specific target market

**Macroenvironmental factors: Demographics**

How do these generations differ?

- **1946-1964 (Baby Boomers)**
  - The generation born in the post-WW2 baby boom. Baby Boomers enjoyed free student grants, low house prices, and they now hold the reins of power and have the most economic clout.

- **1965-1979 (Gen X)**
  - The generation also known as Gen X but because their birth rate was vastly lower than the preceding Baby Boomers, Gen X are now becoming the ‘helicopter parents’ of Gen Z.

- **1980-1995 (Millennials)**
  - The generation reaching adulthood in the early 21st century. Also known as Generation Y, they have been shaped by the technology revolution that saw computers, tablets and the web become central to work and life.

- **1996-2010 (Gen Z)**
  - The generation hailed as the ‘first true digital natives’ or ‘screenagers’.

Source: KPMG
Macroenvironmental factors: Social Trends

- Health and Wellness Concerns
- Greener consumers
- Privacy concerns
Macroenvironmental factors: Social Trends

Health and Wellness Concerns

McDonal - https://www.youtube.com/watch?v=-c-OTfRgJtY
Macroenvironmental factors: Social trends

Greener consumers

https://www.youtube.com/watch?v=r0iDIFVkJLE
Macroenvironmental factors: Social trends

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
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
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
- Affected by 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