Chapter 5

Analyzing the marketing environment
Today

• Outline how the company, competitors, and corporate partners affect marketing strategy

• Explain why marketers must consider their macroenvironment when they make decisions
  – Identify various social trends that affect marketing
  – Examine the technological advances that are affecting marketing
The big picture

Segment → Targeting → Positioning

Product → Place → Promotion

Price

Customer acquisition → Customer retention

Creating, delivering, communicating value

Capturing value

PROFIT
The big picture

Immediate environment

Company \[\rightarrow\] Competition \[\rightarrow\] Corporate partners

Segment \[\rightarrow\] Targeting \[\rightarrow\] Positioning

Product \[\rightarrow\] Place \[\rightarrow\] Promotion

Price

Customer acquisition \[\rightarrow\] Customer retention

Marketing analysis (understanding your business)

Creating, delivering, communicating value

Capturing value

PROFIT
The big picture

Immediate environment

Company ➔ CONSUMERS ➔ Corporate partners

Competition

Marketing analysis (understanding your business)
The big picture

Immediate environment

Company → CONSUMERS ← Corporate partners

Competition

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

Marketing analysis (understanding your business)
Immediate environment: Company

- Successful firms focus on satisfying customer needs
- Successful firms adapt to changes and evolve
  - New markets, new products, improving existing offerings, maintaining your competitive advantage, etc.

Netflix revolutionized how we watch movies and TV shows

1997

2007

Today
Immediate environment: Competitors

• Identify your competitors
• You must know their strengths & weaknesses (SWOT can help)
• Proactive rather than reactive strategy
  – Gather publicly-available information about your competition
  – But avoid illegal actions!
Immediate environment: 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
Provides an easily understood snapshot of the typical consumer in a specific target market

Macroenvironmental factors: Demographics

How do these generations differ?

- **Baby Boomers**: The generation born in the post WWII 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.

- **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.

- **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.

- **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

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

Greener consumers

https://www.youtube.com/watch?v=dmSTIwCAO8M
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 or Apple
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 & Lyft have just been banned in California
  • Lyft will suspend operations on August 20
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