

Market Analysis and Strategy



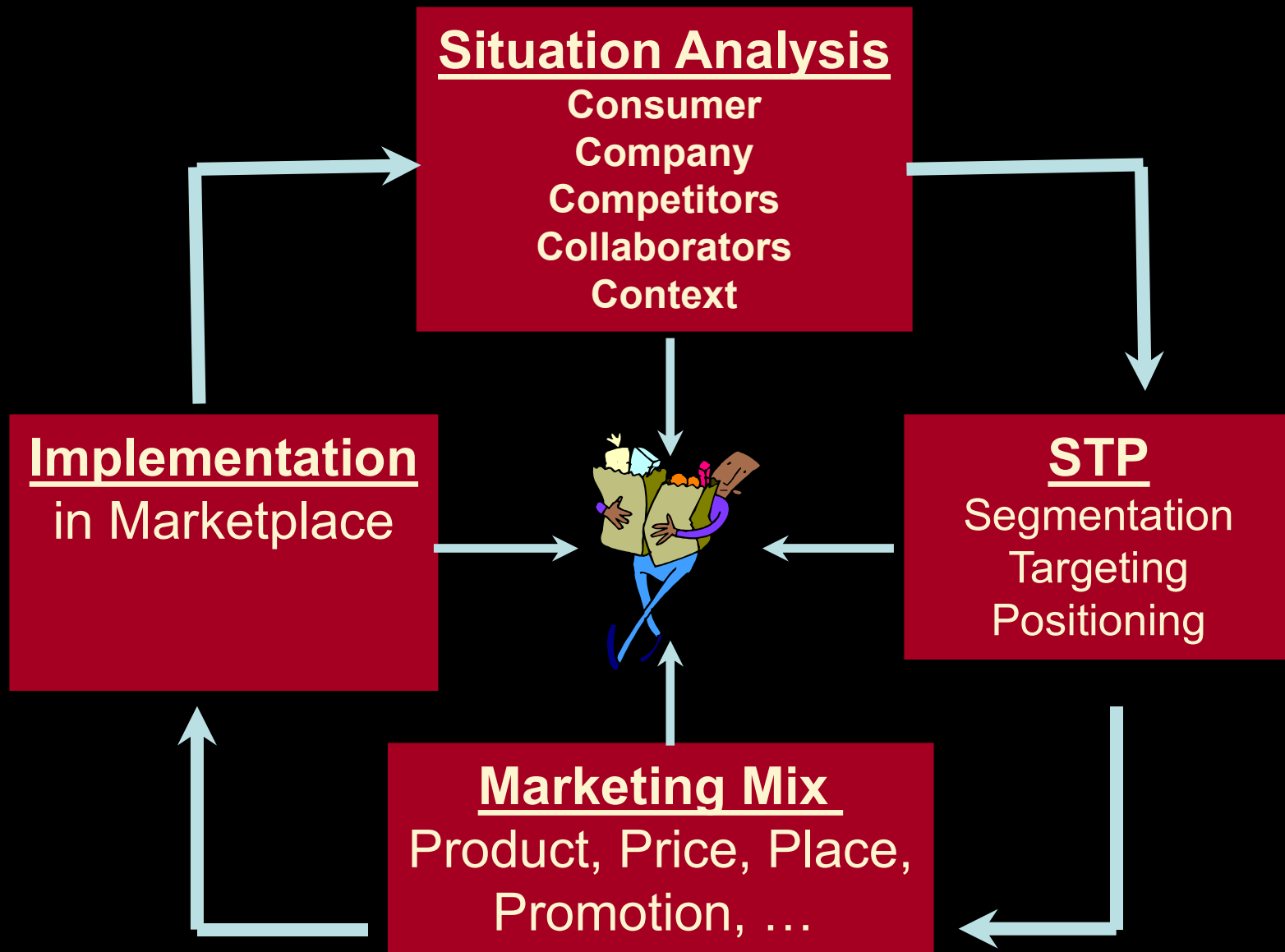
- Marketing Analysis & Strategic Planning
 - Essential Elements (5Cs, STP, 4Ps)
 - Situation Analysis / Strategy / Marketing Mix



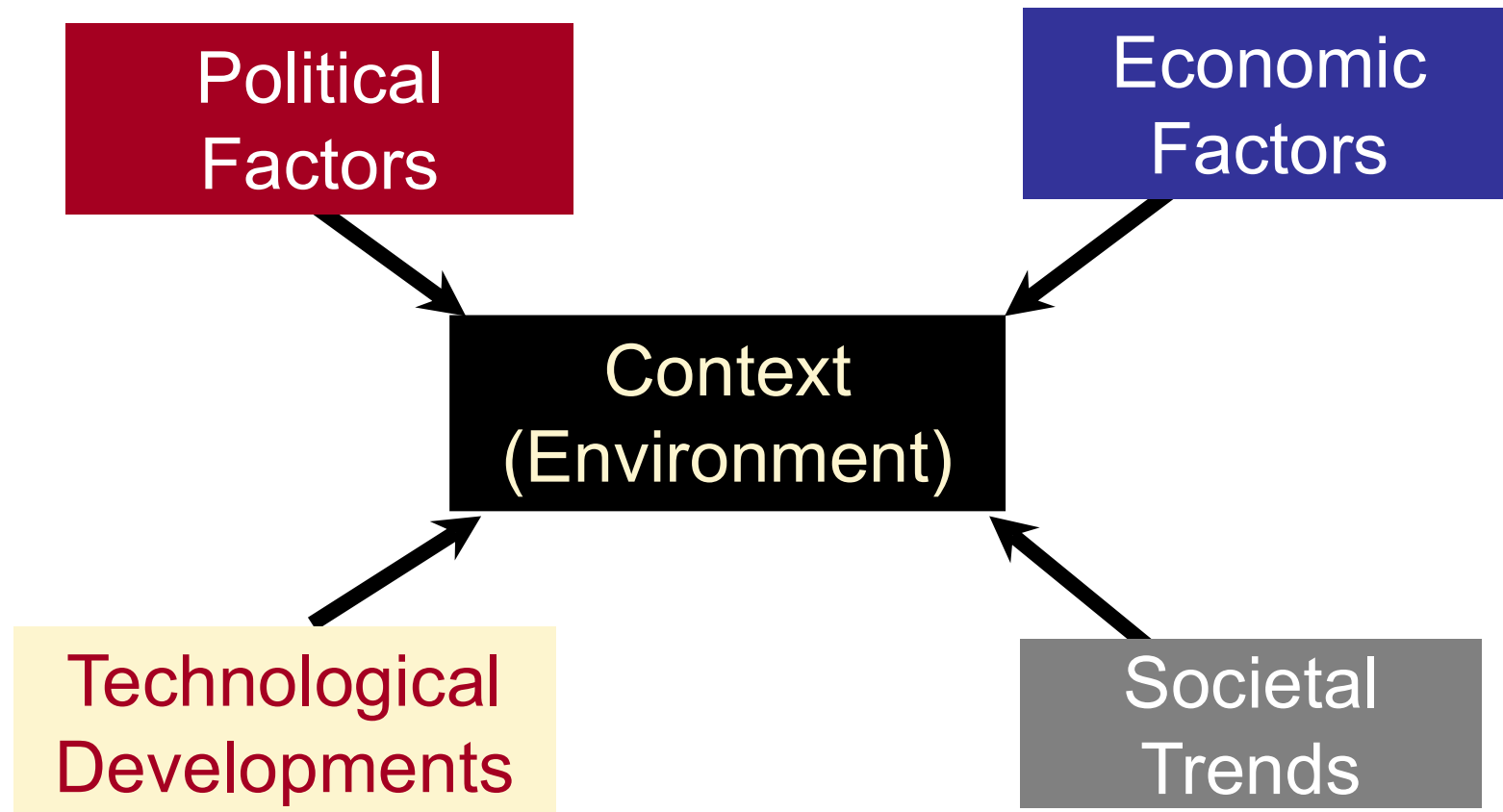
Marketing Strategy

- Involves the allocation of resources to develop and sell products or services that consumers will perceive to provide more *value* than competitive goods
- What is *perceived value*? **Perceived value** is the worth that a product or service has in the mind of the consumer. For the most part, consumers are unaware of the true cost of production for the products they buy; instead, they simply have an internal feeling for how much certain products are worth to them

- A thorough understanding of:
 - Domestic and global market trends
 - Models to predict purchase and consumption
 - Communication methods to reach target markets most effectively



- The process of analyzing:
 - **Consumer** characteristics & trends
 - Resources of the **Company**
 - Current and potential **Competitors**
 - Current and potential **Collaborators**
 - The **Context** or environmental factors



- SWOT:
 - Core *strengths*?
 - Current *weaknesses*?
 - What *opportunities* exist?
 - What *threats* do we face?

- Internal Factors
 - **Strengths**: Competitive Advantages; Resources
 - **Weakness**: Competitive Disadvantages;
- External Factors
 - **Opportunities**: Social and economic conditions and situations that look positive
 - **Threats**: Marketplace conditions that reduce the perceived value of an offering

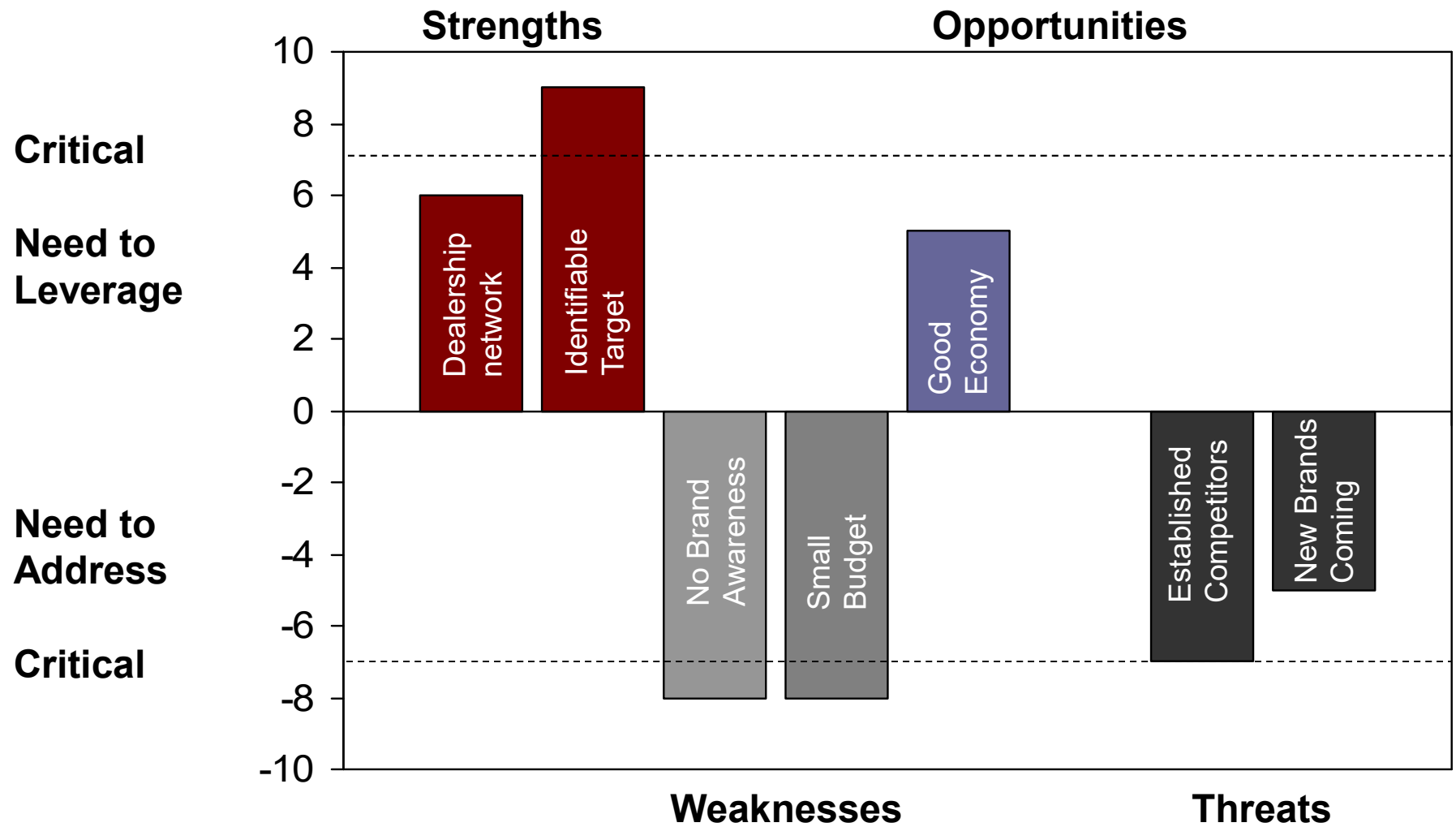
- Outside-in perspective
 - One should consider the customer viewpoint rather than relying on internal judgments
 - Conduct a brand audit comparing manager's perceptions to employee and customer perceptions

- Useful Criteria:

- *Realistic damage* to brand relationships if a weakness or threat is not addressed
- *Realistic benefit* if a strength or opportunity is leveraged
- *Cost* of addressing or leveraging each SWOT
- *Time* company has to address or leverage each SWOT

- Rank each SWOT item from 1 to 3 according to its importance to the company's objectives (3 = most important)

	Damage If not addressed	Benefit If leveraged	Cost of Addressing/ Leveraging	Window of Time	Total
<u>Strengths:</u>					
• Good dealer relationships	-	2	3	1	6
• Identifiable target	-	3	3	3	9
<u>Weaknesses:</u>					
• Lack of brand awareness	-3	-	-2	-3	-8
• Small budget	-3	-	-2	-3	-8
<u>Opportunities:</u>					
• Good economy	-	2	1	2	5
<u>Threats:</u>					
• Established competition	-3	-	-3	-1	-7
• New brands coming	-2	-	-2	-1	-5



- Take an example and discuss SWOT (activity)

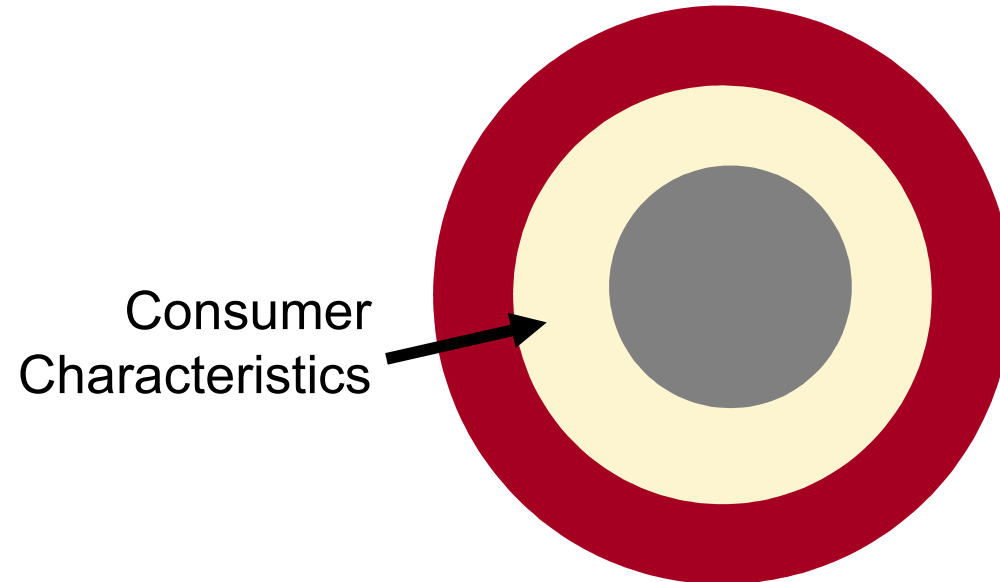
- **Step 1: Market Segmentation**
 - Process of identifying a group of people similar in one or more ways, based on a variety of characteristics and behaviors.
 - **Goal:** minimize variance within groups and maximize variance between groups

“Heavy versus Light” Users – “80/20 rule”

‘Heavy users’ are likely to be disproportionately important to the brand (typically, 20 percent of users accounting for 80 percent of usage — and of suppliers' profit).

As a result, suppliers often segment their customers into 'heavy', 'medium' and 'light' users; as far as they can, they target 'heavy users'.

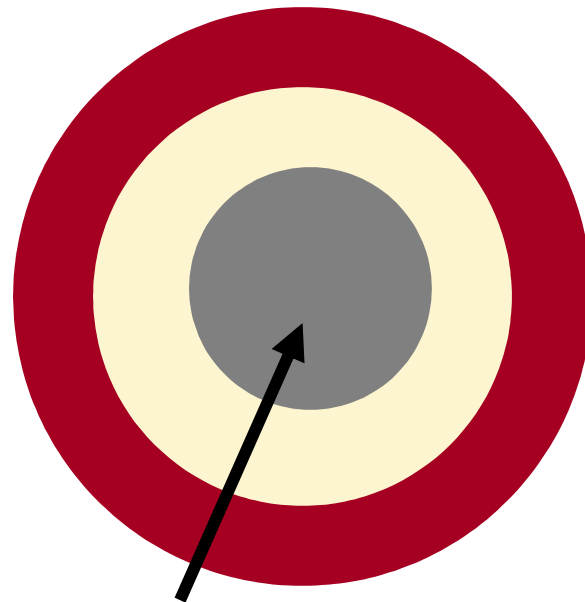
Demographics: Age, Gender, Income, etc...



- Geodemographics
 - Examine regional differences in demographics
 - Useful for store location decisions, and direct mailings, and grassroots efforts



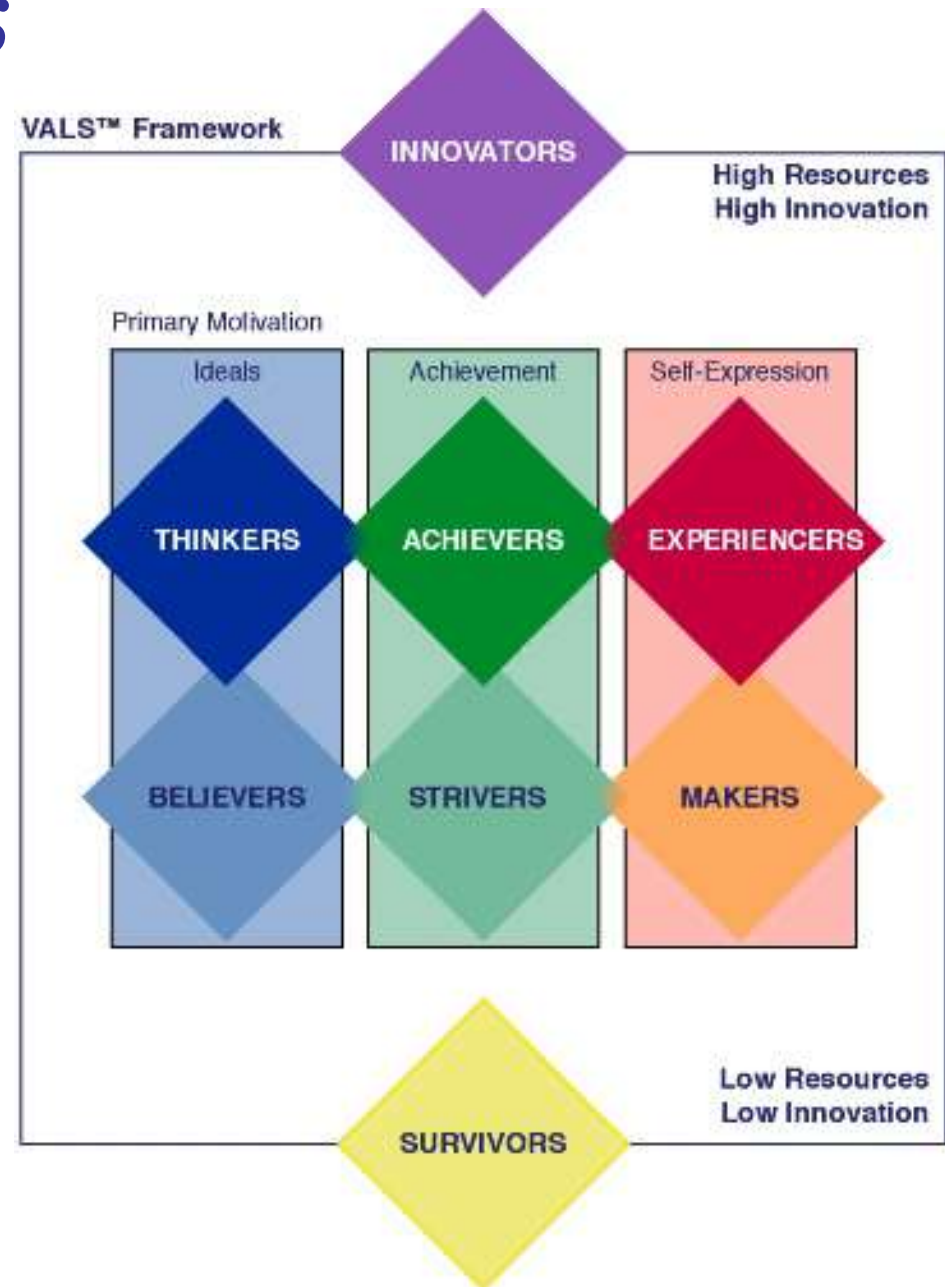
Lifestyle & Values



Psychographics/
Benefits

Psychographics

- Lifestyle segmentation
- VALS is based on primary motivation and resources



- **Innovator.** These consumers are on the leading edge of change, have the highest incomes, and such high self-esteem and abundant resources that they can indulge in any or all self-orientations. They are located above the rectangle. Image is important to them as an expression of taste, [independence](#), and [character](#). Their consumer choices are directed toward the "finer things in life."
- **Thinkers.** These consumers are the high-resource group of those who are motivated by ideals. They are mature, responsible, well-educated professionals. Their [leisure](#) activities center on their homes, but they are well informed about what goes on in the world and are open to new ideas and [social change](#). They have high incomes but are practical consumers and rational decision makers.
- **Believers.** These consumers are the low-resource group of those who are motivated by ideals. They are [conservative](#) and predictable consumers who favor local products and established brands. Their lives are centered on [family](#), [community](#), and the nation. They have modest incomes.
- **Achievers.** These consumers are the high-resource group of those who are motivated by achievement. They are successful work-oriented people who get their satisfaction from their jobs and families. They are [politically conservative](#) and respect authority and the status quo. They favor established products and services that show off their success to their peers.

- **Strivers.** These consumers are the low-resource group of those who are motivated by achievements. They have values very similar to achievers but have fewer economic, social, and psychological resources. Style is extremely important to them as they strive to emulate people they admire.
- **Experiencers.** These consumers are the high-resource group of those who are motivated by self-expression. They are the youngest of all the segments, with a median age of 25. They have a lot of energy, which they pour into [physical exercise](#) and social activities. They are avid consumers, spending heavily on clothing, fast-foods, music, and other youthful favorites, with particular emphasis on new products and services.
- **Makers.** These consumers are the low-resource group of those who are motivated by self-expression. They are practical people who value self-sufficiency. They are focused on the familiar - family, [work](#), and physical recreation - and have little interest in the broader world. As consumers, they appreciate practical and functional products.
- **Survivors.** These consumers have the lowest incomes. They have too few resources to be included in any consumer self-orientation and are thus located below the rectangle. They are the oldest of all the segments, with a median age of 61. Within their limited means, they tend to be brand-loyal consumers.

Psychographics (Yankelovich)

MindBase Sub-segments



Sub-segments Reflect Marketing Orientation

Expressive And Elusive I move too fast to pin down	Driven And Deliberate I make up my own mind	At Capacity And Autonomous I don't have time to sort out offers	Rock Steady And Reluctant I take a guarded approach	Down to Earth And Detached I make independent decisions	Sophisticated And Self Directed I need little outside help	Measure Twice And Mindful I am a thoughtful decision-maker	Devoted And Distant I take a traditional approach
Expressive And Evaluative I think through options	Driven And Diligent I listen to advice	At Capacity And Appraising I consider things carefully	Rock Steady And Rigorous I carefully screen my options	Down to Earth And Distinguishing I am curious and evaluative	Sophisticated And Systematic I take time to review	Measure Twice And Meticulous I ponder and consider	Devoted And Discriminating I try new things from familiar sources
Expressive And Exuberant I seek many options	Driven And Dynamic I utilize many options	At Capacity And Attentive I appreciate directness	Rock Steady And Responsive I use instincts across many channels	Down to Earth And Daring I am looking for new and different	Sophisticated And Synchronous I seek collaboration	Measure Twice And Motivated I am looking for novelty from trusted sources	Devoted And Deft I experiment within my comfort zone

- **Step 2: Target Market Selection**
 - Select segments of the market to offer products and services
 - Who can we most *efficiently* and *effectively* establish a relationship with better than our competitors?

- Once a basis for segmentation has been determined and attractive segments have been selected, the target groups should be *profiled* by describing them on as many levels as possible.

- Age, Education, Income
- Occupation, Hobbies
- Media Habits
- Groups
- VAL Segment
- Musical Taste, Preferred Cars
- Aspirational Role Models

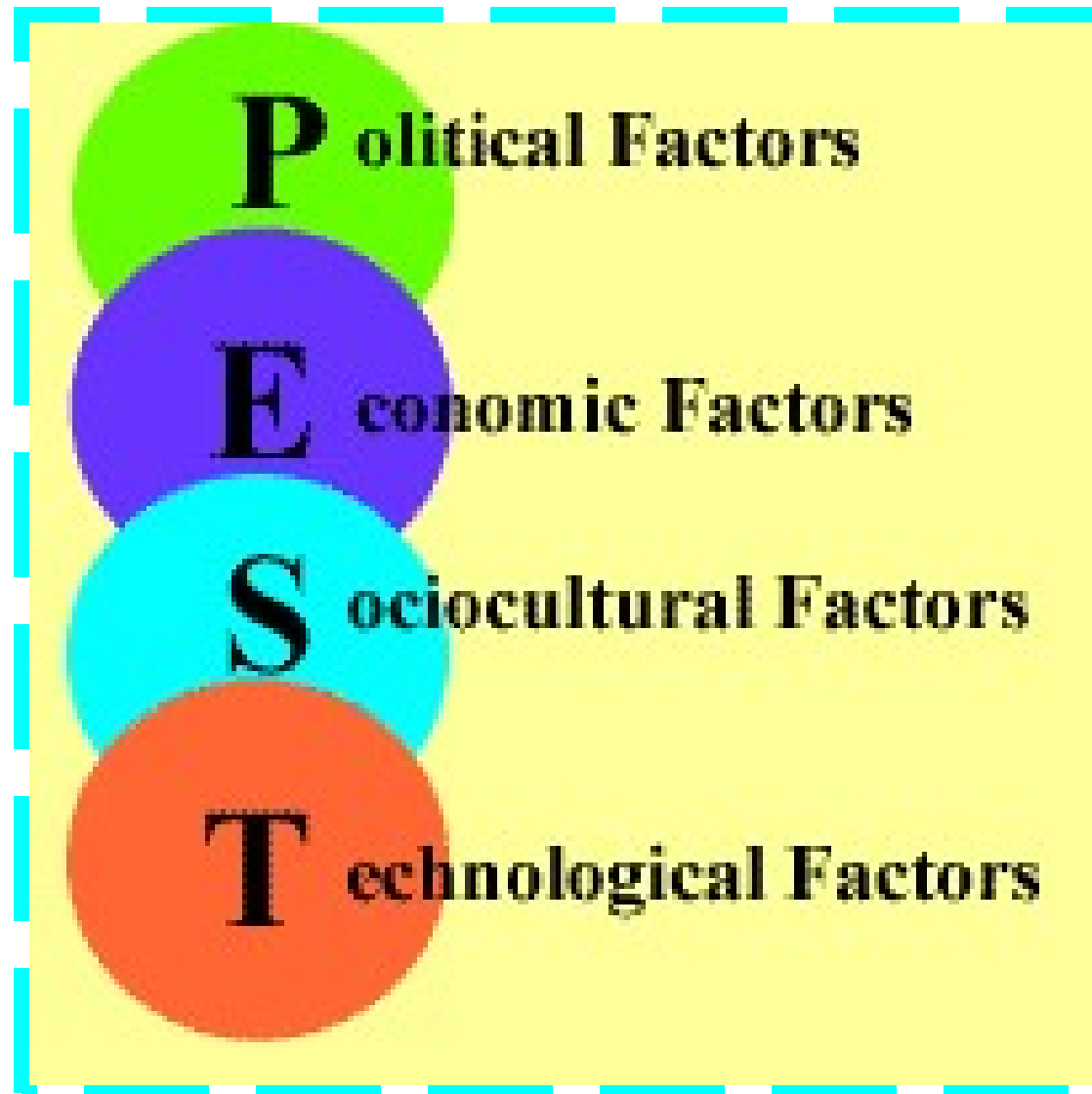
- **Step 3: Positioning**
 - How your product/company is perceived in the hearts and minds of your customers?
 - Price leader/Innovator/Fashion leader/Quality/Service
 - What associations come to mind?

- A firm needs to:
 - Start by *analyzing* the market
 - 5 C's (Company, Competitors, Collaborators, Customers, and Context)
 - Develop a *strategic plan*
 - Begin with Segmentation, Targeting, and Positioning
 - Followed by *tactical* decisions
 - Product (Brand), Price, Promotion, and Place
 - With a plan in place *implementation* issues need to be addressed

PEST Analysis

What is PEST Analysis?

- It is very important that an organization considers its environment before beginning the marketing process. In fact, environmental analysis should be continuous and feed all aspects of planning. The organization's marketing environment is made up from:
 - » 1. The internal environment
 - » 2. The micro-environment
 - » 3. The macro-environment e.g. Political (and legal) forces, Economic forces, Sociocultural forces, and Technological forces. These are known as PEST factors.



PEST Analysis

POLITICAL

- Monopolies legislation
- Environmental protection laws
- Taxation policy
- Foreign Trade regulations
- Government Type & Stability
- Employment Law
- Regulation / De-Regulation Trends
- Likely Political Change



ECONOMIC

- Business Cycle Stage
- Globalization
- Unemployment
- Interest rates
- Money supply
- Inflation
- Disposable income / Distribution
- Energy availability and cost
- Likely Economic Change



SOCIAL

- Population demographics
- Income distribution
- Social mobility
- Lifestyle changes
- Attitudes to work and leisure
- Consumerism
- Levels of education / Health
- Employment Patterns / Attitudes to work
- Likely Socio-Cultural Change



TECHNOLOGICAL

- Impact of Emerging Technologies
- Impact of Internet
- Government spending on research
- Reduced Communication Costs
- New discoveries / development
- Impact of Technology Transfer
- Speed of Technology Transfer
- Likely Technological Change

