



CHAPTER 3

Collecting and Analyzing Marketing Information

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Issues to Be Considered in a Situation Analysis (Exhibit 3.1)

The Internal Environment

- Review of current objectives, strategy, and performance
- Availability of resources
- Organizational culture and structure

The Customer Environment

- Who are our current and potential customers?
- What do customers do with our products?
- Where do customers purchase our products?
- When do customers purchase our products?
- Why (and how) do customers select our products?
- Why do potential customers not purchase our products?

The External Environment

- Competition
- Economic growth and stability
- Political trends
- Legal and regulatory issues
- Technological advancements
- Sociocultural trends

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Conducting a Situation Analysis

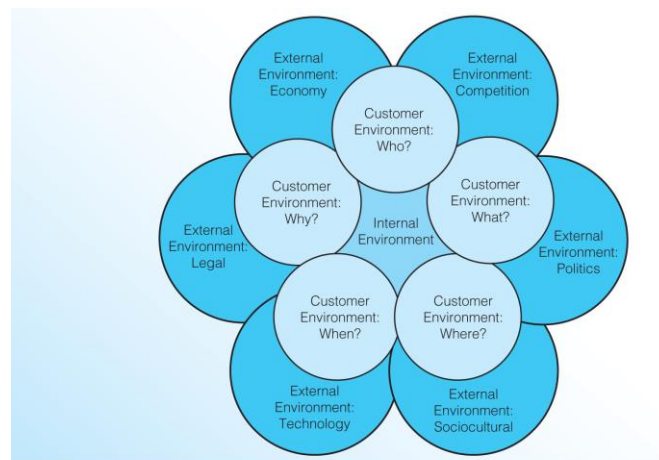
- **Analysis Alone Is Not a Solution**
- **Data Is Not the Same as Information**
 - *Data – a collection of numbers or facts that have the potential to provide information*
 - *Information – data that have been transformed or combined with other data in a manner that makes them useful to decision makers*
- **The Benefits of Analysis Must Outweigh the Costs**
- **Conducting a Situation Analysis is a Challenging Exercise**
 - *Should provide a complete picture of three key environments: Internal, Customer, and External*

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Internal, Customer, and External Environments (Exhibit 3.2)



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Of the three major environments in a situation analysis (internal, customer, external), which do you think is the most important in a general sense? Why? What are some situations that would make one environment more important than the others?

DISCUSSION QUESTIONS

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The Internal Environment (Exhibit 3.3)

- Review of Current Objectives, Strategy and Performance
 - *An important input to later stages in the planning process*
 - *Poor or declining performance must be the result of:*
 - Goals or objectives that are inconsistent with the customer or external environments
 - Flawed marketing strategy
 - Poor implementation
 - Changes in the customer or external environments that are beyond the control of the firm

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The Internal Environment (Exhibit 3.3) *(continued)*

- **Availability of Resources**
 - *Includes a review of financial, human, and experience resources, as well as resources from key relationships*
 - *Financial resources tend to get most attention*
- **Organizational Culture and Structure**
 - *Problems can arise when marketing does not hold a prominent position in the organizational hierarchy*
 - *Culture and structure are relatively stable but can be affected by mergers*

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The Customer Environment (Exhibit 3.4)

- **Who are our Current and Potential Customers?**
- **What do Customers do with our Products?**
- **Where do Customers Purchase our Products?**
- **When do Customers Purchase our Products?**
- **Why (and How) do Customers Select our Products?**
- **Why do Potential Customers not Purchase our Products?**

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Understanding the motivations of a firm's noncustomers is often just as important as understanding its customers. Look again at the reasons why an individual would not purchase a firm's products. How can a firm reach out to noncustomers and successfully convert them to customers?

DISCUSSION QUESTIONS

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The External Environment (Exhibit 3.5)

- Competition
- Economic Growth and Stability
- Political Trends
- Legal and Regulatory Issues
- Technological Advancements
- Sociocultural Trends

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The Competitive Environment

- **Brand Competitors**
 - *Market products with similar features and benefits to the same customers at similar prices*
- **Product Competitors**
 - *Compete in the same product class, but with products that are different in features, benefits, and price*
- **Generic Competitors**
 - *Market very different products that solve the same problem or satisfy the same basic customer need*
- **Total Budget Competitors**
 - *Compete for the limited financial resources of the same customers*

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Major Types of Competition (Exhibit 3.6)

Product Category (Need Fulfilled)	Brand Competitors	Product Competitors	Generic Competitors	Total Budget Competitors
Compact SUVs (Transportation)	Chevrolet Equinox Ford Escape Honda CR-V Jeep Compass	Mid-size SUVs Trucks Passenger cars Minivans	Rental cars Motorcycles Bicycles Public transportation	Vacation Debt reduction Home remodeling
Soft Drinks (Refreshment)	Coca-Cola Zero Diet Coke Pepsi Cola Diet Pepsi	Tea Orange juice Bottled water Energy drinks	Tap water	Candy Gum Potato chips
Movies (Entertainment)	<i>Harry Potter</i> <i>Twilight</i> <i>Star Trek</i>	Cable TV Pay-Per-View Video rentals	Athletic events Arcades Concerts	Shopping Reading Fishing
Colleges (Education)	New Mexico Florida State LSU	Trade School Community college Online programs	Books CDs Apprenticeship	New Cars Vacations Investments

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Stages of Competitive Analysis

- **Identification**
 - *Identify all current and potential competitors*
- **Characteristics**
 - *Assess key competitors' size, strategy, profitability, markets, etc.*
- **Assessment**
 - *Assess key competitors' strengths and weaknesses*
- **Capabilities**
 - *Focus the analysis on competitors' marketing capabilities*
- **Response**
 - *Estimate competitors' most likely strategies and responses under different environmental situations*

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Economic Growth and Stability

- **Economic change is inevitable and has a profound impact on marketing strategy.**
- **General Economic Conditions**
 - *Inflation, employment, income, interest rates, taxes, trade restrictions, tariffs, business cycle*
- **Consumer Issues**
 - *Willingness to spend, confidence, spending patterns*
- **An Underreported Economy**
 - *The U.S. economy is dominated by intangibles such as services and information.*
 - *Innovation, creativity, and human assets are not counted in yearly GDP statistics.*

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Political, Legal, and Regulatory Issues

- The views of elected officials can affect marketing strategy.
 - *Example hot-button issues: tobacco, immigration, taxes, retirement, healthcare*
 - *Lobbying is vital to marketing strategy in highly regulated industries.*
- Firms must abide by the law, but many laws are vague and difficult to enforce.
 - *Example key issues: court decisions, corporate governance, trade agreements*

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Technological Advancements

- Technology refers to the processes used to create “things” considered to be new.
- Frontstage Technology
 - *Advances that are noticeable to customers...what customers think of when they think of technological advancements*
 - *Examples: smartphones, GPS, microwave ovens*
- Backstage Technology
 - *Advances that are not noticeable to customers...these advances make marketing activities more efficient and effective*
 - *Examples: computer technology, RFID, near-field communication*

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Sociocultural Trends

- Social and cultural influences that cause changes in attitudes, beliefs, norms, customs, and lifestyles
- Sociocultural forces can have a profound effect on the way customers live and buy products.
- Changes in customer demographics and values have a considerable impact on marketing.

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Collecting Marketing Data and Information

- Secondary Information Sources
 - *Internal data sources*
 - *Government sources*
 - *Book and periodical sources*
 - *Commercial sources*
- Primary Data Collection
 - *Direct observation*
 - *Focus groups*
 - *Surveys*
 - *Experiments*

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Typical Problems in Data Collection

- Incomplete or inaccurate assessment of the situation that the data should address
- Severe information overload
- Time and expense of collecting data
- Organizing the vast amount of data and information collected during the situation analysis

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Do you think the Internet has made it easier or more difficult to collect marketing data and information? Why? How might the major data collection issues of today compare to the issues that occurred in the pre-Internet era?

DISCUSSION QUESTIONS

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