ECON 344 Midterm 1 Review

Chapter 1: Marketing Customer Value, Satisfaction, Relationships, and Experiences

- **Marketing:** activity for creating, communicating, delivering, and exchanging offerings that benefit the organization, its stakeholders, and society at large
    - There are 4 main criteria for marketing:
        - 2+ parties, desire& ability to satisfy those needs, means to communicate, something to be exchanged (g/s)
- **Market:** the people with desires that can be met (by a g/s or experience)
- **Social marketing:** influence the behaviour of individuals in which benefits accrue to those individuals or to society in general and not to the marketer
- There can be different levels of members in the market
    - Ultimate consumer vs. organizational buyers
- There are many factors that affect marketing and its considerations:
    - Suppliers have partnerships with, consumers have relationships with, and shareholders have ownership of the company
    - There are also 5 main environmental forces that impact marketing:
        - Social
        - Economic
        - Technological
        - Competitive
        - Regulatory

Discover And Satisfy Market's Needs

1. **Discover Consumer's needs**

- Assess prospective consumers, and let them know their options – they may not be aware of what they want/what would benefit them

2. **Discern between consumer needs and wants**

- **Need:** physiological requirements **Want:** opinion/desire based on experience/knowledge

3. **Satisfy Consumer Needs**

- Focus on **target market** to satisfy needs effectively, and use the 4 P's to control marketing mix:
    - **Product, Price, Promotion, Place**
- The environmental forces are out of the control of the marketer:
    - Competitive, economical, social, technological, and regulatory → these effects are ever-changing
    - High-Technology or New-to-World Products cannot identify the consumer needs because consumers do not know these techs/products are even a potential
- **marketing program** —a plan that integrates the marketing mix to provide a good, service, or idea to prospective buyers

Chapter 2: Developing Successful Marketing strategies

Organizational Structure

- **Organization:** legal entity of people who share a common mission/vision to deliver on promises in response to consumer needs/wants
    - **Business firm:** privately owned organization that serves its customers in order to earn a profit

- **Industry:** groups of firms that offer similar g/s
  - The foundation of a strategic company I understanding its industry
- **Strategy:** organization's long-term course of action to deliver a unique customer experience while achieving its goals → develop strategies to accomplish goals
- There are normally multiple levels within an organization to specif who works to achieve certain goals:
  - BOD
  - **Corporate level** - top management directs overall strategy for the entire organization
  - **Strategic Business Units**: subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined group of customers (can have internal levels)
  - **Functional level**: Groups of specialists create value for the organization

Strategy in Visionary Organizations

- For visionary organizations they must specify:
- Organizational **foundation** (why they exist)
  - **Core values:** principles that guide its conduct over time(don't change with financial or economic conditions)
  - **Mission:** statement of the organization's function in society, often identifying its customers, markets, products, and technologies
  - **Organizational Culture:** set of values, ideas, attitudes, and norms of behaviour that is learned and shared among the members of an organization
- Organizational **direction** (what will they do)
  - **Business:** industry or market sector of an organization's offering; may change over time
  - **Business model:** strategies an organization develops to provide value to the customers it serves, normally influenced by tech
  - **Goals:** statements of a task to be achieved, often by a specific time, and need to be S.M.A.R.T. **Specific, Measurable, Attainable, Relevant, Time-Based**
- Organization **strategy** (how will they do it)
  - **Variation by level** – creating increasingly specific, detailed strategies and plans through levels of workers
  - **Variation by offering** – marketing and strategy change by the company's products (experience vs. service vs. tangible vs. idea)

Setting Strategic Direction

- Must take advantage of **competencies** (special capabilities that distinguish an org from others), **competitive advantage** (what makes an organization unique), and **quality**
- **Benchmarking:** discovering how others do something better than your own firm so that you can imitate or leapfrog the competition
- To have a strong strategy, companies must consider their customers (what they want now and in future) and their competitors

Growth Strategies

Business Portfolio Analysis

- quantified performance measures and growth targets to analyze a firm's business units as though they were a collection of separate investments
- **Cash Cows:** low-growth, high-share requiring less investment to maintain

- **Stars:** high-growth, high-share that require heavy investment for rapid growth; will likely fall into cash cows eventually
- **Dogs:** low-growth, low-share that produce enough cash to maintain but will not be flagships
- **Question mark:** low-share, high- growth that require v. high investment to maintain and more investment to grow (normally move counter-clockwise)
- As time passes, SBU's can change their position in the matrix

Market Product Analysis

- firms view growth opportunities in terms of markets and products
- **market pen:** increase sales of current product (sell more or raise price)
- **market development:** sell existing products to a new market (new geographic market, or in new segment)
- **product development:** sell new products to exiting market
- **diversification:** developing new products and selling them in new markets (↑ risk)

<u>The Strategic Market Process</u>

1. Planning phase: How do we allocate our resources to get where we want to go?
    - **Situational SWOT Analysis**
    - Market-Product Focus and **Goal Setting** → use market segmentation
    - Marketing **Program** → product, price, promotion, place
2. **Implementation phase**: how do we convert our plan to actions?
    - Obtain **resources**
    - Design **marketing organization** (team/hierarchy and deadlines)
    - Develop **schedules**
    - Execute **marketing team** with a set **marketing strategy**
3. **Evaluation phase:** How do our results compare with our plans, and do deviations require new plans?
    - Continually assess progress and determine if successful, if it meets goals, and correct deviations

Chapter 3: Scanning the Marketing Environment

- **Environmental scanning:** continually acquiring information on events occurring outside the organization to identify and interpret potential trends
- **Track the always**-interacting environmental trends, supplies, organization, and customers through the 5 environmental forces (C-E-S-T-R), which have many components

<u>Social Forces</u>

1. Demographics: study of the characteristics of a human population (size, growth rate, gender, race, ethnicity, marital status, income). Ex: Canadian Demographics = !35M people, aging population, growth from immigration
- **Generational cohort** are the groups of people born in age brackets to help identify population/demographic trends
    - **Baby boomers:** born 1946-64, huge amount fo population who will be retiring at the same time
    - **Gen X (baby bust):** 1965-76, self-reliant, educated, not prone to extravagance
    - **Gen Y (millennials, echo boom):** 1977-94, wireless communication
- **Population shift** now has 80% of people living in urban areas
- Ethnic diversity has greatly increased via generational immigration. More than 1/3 immigrants will settle in Toronto, Vancouver, or Montreal.
    - **Ethnic/multicultural marketing**: combinations of the marketing mix that reflect the unique attitudes, race or ancestry, communication preferences, and lifestyles of ethnic Canadians
2. Culture: incorporates the set of values, ideas, and attitudes that are learned and shared among the members of a group

- Attitudes toward work, consumption, and lifestyle are evolving (ie: women working), and there is also a focus on the environment

Economic Forces

1. MACROECONOMIC CONDITIONS: inflationary or recessionary state of the economy, whether actual or perceived by consumers or businesses
- this influences the cost to produce, sell, and buy, as consumer spending is 2/3 of Canadian economic activity → spending affected by perception of future
2. CONSUMER INCOME
- A consumer's ability to buy is related to income, which consists of gross, disposable, and discretionary components

Technological forces

- Each new wave of technological innovation can replace existing products, services, and companies.
- Tech is altering how consumers show and do business, which affects the marketing → now wide use of **Information and Communication technologies (ICTs)**
- **Intranet:** internal website for company **Extranet:** Internet-based technology that permits communication between a company and its suppliers, distributors, and other partners
- Tech has a major force on customers, how they shop, and how they purchase. They read a lot of reviews to scope the product beforehand
  - Use of blogs, which contain **user-generated content**
- **Consumer-to-consumer (C2C) marketing**: sites allow consumers to buy and sell among themselves.
- **Customer-to-business (C2B)**: proactive customers initiate communication and interact with companies online, providing suggestions and feedback on their experiences

Competitive Forces

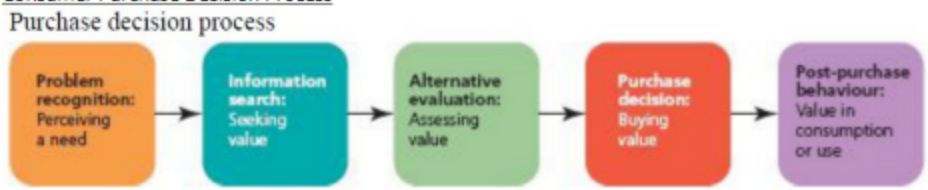
- There are 4 types of competition:
- Pure competition: every company has a similar product
- Monopolistic: many sellers compete with products on a substitutable basis (if coffee is $$$, switch to tea)
- Oligopoly: a few companies control the majority of the industry; non-price competition
- Pure monopoly: only one firm sells that g/s (normally utilities)
- Components of competition:
  - **Entry:** must assess the likeliness and threat of new entrant or the barriers to entry
  - **Power of buyers:** can they be the make or break, or are you the only supplier who can fit their needs?
  - **Power of suppliers:** if there are lots of choice you can shop around; if not then it could be expensive
  - **Existing competitors and substitutes:** Competitive pressures among existing firms depend on the rate of industry growth
- Small businesses make up ⅓ of Canada's GDP; they provide the most relative competition
- Economic growth in Canada is largely tied to the activities of Small-Medium Enterprises, and entrepreneurs who start new businesses provide new competition for existing large companies. (small <100, med: 101-500)

Regulatory Forces

- **Regulation:** restrictions that provincial and federal laws place on business with respect to the conduct of its activities to protect both consumers and producers
- The key legislation designed to protect competition and consumers in Canada is the Competition Act.
  - Encourage competition to promote efficiency and adaptability in the Canadian economy to expand opportunities and participation
- **Self-regulation:** an industry attempts to police itself (Ex: Canadian Broadcasting Asn has code of ethics)
- **Consumerism** is a movement to increase the influence, power, and rights of consumers in dealing with institutions. The 4 initial and main rights are:
  - Right to safety, to be informed, to choose, to be heard (CHIS)

Chapter 5 – Consumer Behaviour

Consumer Purchase Decision Process



1. Problem Recognition
- Perceive the difference between a person' ideals and actual situation to trigger a decision
- Marketing can activate a consumer's decision process by showing the shortcomings of competing products

2. Information search
- Used to yield names, suggest criteria to judge g/s on, and develop consumer value perception
- **Internal search:** scan memory vs **External search** (personal sources, public, market-dominated (ie: Almanac))
    - no experience = risk of making a wrong purchase decision ↑; the cost of gathering information ↓

3. Alternative evaluation
- **awareness set:** brands you become aware of during search **evaluative criteria:** criteria to consider for each g/s
- **consideration (evoked) set:** the g/s that meet the evaluative criteria → consider *acceptable*

4. Purchase Decision
- Must consider **who** to buy from and **where** to buy from
- The choice of which seller to buy from will depend on such considerations as the terms of sale, past experience buying from the seller, and the return policy
- Deciding when to buy can be based on sales/promotions, the economy, store atmosphere, pleasantness, salesperson persuasiveness, time pressure, and financial circumstance

5. Post-purchase behaviour:
- After buying a product, the consumer compares it with his or her expectations and is either satisfied or dissatisfied
    - Dissatisfied → decide if product is deficient or if expectations were too high
- Sensitivity to customer satisfaction can affect future sales, consumer communication, and repeat-purchase
- **Cognitive dissonance:** post-purchase psychological tension or anxiety

LEVELS OF PROBLEM SOLVING

- It is important to note that some people skip or minimize a step depending on involvement (personal, social, and economic significance of the purchase to the consumer)
    - High level involvement will include one of the 3: expensive, can have serious personal consequences, or could reflect on social image
- There are 3 main levels of problem solving:
    - **Extended problem solving:** each stage has considerable time and many options
    - **Limited problem solving:** consumers typically seek some information or rely on a friend to help them evaluate alternatives; multiple options but not too in depth
    - **Routine problem solving:** usually habit purchases with no change desired
- Involvement and marketing strategy: there are different emphases based on the level of problem solving involved:
    - Low-involvement = quality focus and constant stock
    - High involvement = lots of product information, testimonials, etc. (comparative advertising)

Situational Influences

- There are 5 states that have an impact on purchase decision processes:
    - Purchase task – reason for engaging in decision in the first place
    - Social surroundings – the people and atmosphere
    - Physical surroundings - decor, music, and crowding in retail stores

- Temporal effects - time of day or the amount of time available,
- Antecedent states - include the consumer's mood or the amount of cash on hand

Psychological Influences on Consumer Behaviour

MOTIVATION AND PERSONALITY

- **Motivation:** energizing force that causes behaviour that satisfies a need
- Personal needs are integral in the following hierarchy:
- **Physiological needs:** basic needs of survival (food, shelter)
- **Safety needs:** self-preservation and physical well-being
- **Social needs:** concerned with love and friendship
- **Personal needs:** need for achievement, status, prestige, and self-respect
- **Self-actualization**: personal fulfillment

- **Personality:** person's consistent behaviours or responses to recurring situations. Key traits are normally thought to dictate personality (assertiveness, compliance, aggression, etc.).
- **self-concept:** the way people see themselves and the way they believe others see them
- marketers understand that people have an actual self-concept vs an ideal self-concept

PERCEPTION

- **perception:** process by which an individual selects, organizes, and interprets information to create a meaningful picture of the world
- **selective perception:** the human brain attempts to organize and interpret information through a filtering process. The 4 steps are:
  - **selective exposure:** consumers are only exposes to some content, not all
  - **selective attention:** pay attention only to messages that are consistent with their attitudes and beliefs.
  - **Selective Comprehension:** interpreting information so that it is consistent with attitudes and beliefs
  - **Selective Retention:** consumers do not remember all the information they see, read, or hear, even minutes after exposure to it. This affects the internal and external information search stage of the purchase decision process.
- **Subliminal perception** means that you see or hear messages without being aware of them
- **Perceived risk:** the anxieties felt because the consumer cannot anticipate the outcomes of a purchase

LEARNING

- **Behavioural learning:** developing automatic responses to a situation built up through repeated exposure to it. There are 4 pillars to behavioural learning:
  - **Drive, Cue, Response, Reinforcement**: the reward
  - Being hungry (drive), a consumer sees a cue (a billboard), takes action (buys a hamburger), and receives a reward (it tastes great!).
  - Marketers use 2 concepts from behavioural learning:
    - **Stimulus generalization** occurs when a response elicited by one stimulus (cue) is generalized to another stimulus (using 1 product to suggest another)
    - **Stimulus discrimination** refers to a person's ability to perceive differences in stimuli.
- **Cognitive learning:** making connections between two or more ideas, or simply observing the outcomes of others' behaviours and adjusting your own accordingly without direct experience
- **Brand loyalty:** favourable attitude toward and consistent purchase of a single brand over time (↓ risk)

VALUES, BELIEFS, AND ATTITUDES

- **Values:** personally or socially preferable modes of conduct or states of existence that will not change
- **Beliefs:** a consumer's subjective perception of how well a product or brand performs on different attributes (based on personal experience and market perceptions)
- **Attitudes:** learned predisposition to respond to an object or class of objects in a consistent way
- Attitude **change** influenced by marketers can be done in 3 ways:
  - Changing beliefs about the extent to which a brand has certain attributes

- Changing the perceived importance of attributes
- Adding new attributes to the product

LIFESTYLE

- **Lifestyle:** mode of living that is identified by how people spend their time and resources, what they consider important in their environment, and what they think of themselves and the world around them
- **Psychographs** (analysis of human lifestyle): practice of combining psychology and demographics, is often used to uncover consumer motivations for buying and using products and services

Socio-Cultural Influences on Consumer Behaviour

PERSONAL INFLUENCES

- **Opinion leaders:** people who exert direct or indirect social influence over others who are knowledgeable
- **Word of mouth:** influencing of people during conversations.
  - **Buzz marketing:** stimulate positive consumer word of mouth about their products or services
- **Viral marketing**: use of messages "infectious" enough that consumers wish to pass them along to others through online communications
- **Reference Groups:** people to whom an individual looks as a basis for self-appraisal or as a source of personal standards; this is strongly related to luxury goods and social image. There are 3 main reference groups:
  - **Membership group** (social club, fraternity, etc.)
  - **Aspiration group** (wish to be a part of or identified with – professional society)
  - **Dissociative group** (d/not want to be a part of)
- **Family influences** on consumer behaviour result from three sources:
  - **Consumer socialization:** process by which people acquire the skills, knowledge, and attitudes necessary to function as consumers
  - **Family life cycle concept:** the distinct phases that a family progresses through, from formation to retirement, each phase bringing with it identifiable purchasing behaviours
  - **Family decision making:**
    - **Joint-decision making:** most decisions are made by both husband and wife
    - **Spouse-dominated:** only one will make most of the major decisions
    - There are also 5 roles within family decision making: (1) information gatherer, (2) influencer, (3) decision maker, (4) purchaser, and (5) user
- **Social class:** the relatively permanent, homogeneous divisions in a society into which people sharing similar values, interests, and behaviour can be grouped (normally based on occupation, income source, and education)
- **Culture and subculture**: culture incorporates the set of values, ideas, and attitudes that are learned and shared among members of a group
  - **Subculture**: Subgroups within the larger, or national, culture with unique values, ideas, and attitudes
  - Canada is traditionally a cultural mosaic (not a melting pot) and the subcultures are a potpourri of diverse groups

Chapter 8 – Marketing Research: From Information to Action

Marketing research

- **Marketing research:** process of defining a marketing problem/opportunity, systematically collecting and analyzing information, and recommending actions to improve an organization's marketing activities
- **Exploratory research:** preliminary research conducted to clarify scope an nature of marketing problem
- **Descriptive Research:** describe the basic characteristics of a given population or to profile particular marketing situations. Normally seek conclusive data to answer questions
- **Causal Research:** identify cause and effect relationships among variables. Normally there is already a relationship expectation

The Marketing Research Process

- Should be systematic and analytical; the experiments must be **reliable** (replicable) and **valid** (true&proved)

- the typical steps include: ¹defining problem, ²formal research design, ³data collection, ⁴conclusions and report

Problem Definition

- for marketing research, must determine the scope and nature of the marketing problem

Exploratory Research

- done during the early stages of research with different lengths and intensities. 4 main types:

1. **secondary data:** previously collected and assembled data for a different project (can still relate to research) → **1° research** = specific to project
   - internal secondary data = financial reports, research, customer letter, etc. external sources can be varied, and may have to be purchased (StatsCan, databases, etc.).
     - **single source data**: integrated information from multiple sources (Ex: loyalty cards info collection)
2. **Focus Groups**: informal interviews of 6-10 people relevant to the research are brought together for modulated discussion of topics surrounding the market research
3. **Depth Interviews**: detailed individual interviews of people relevant to the research project.
4. **Other tools:** other various tools to help find what is the next big thing, find future trends, etc.

Formal Research Design

- Must determine the basic framework for finding solutions to a problem. Must plan out method and provide to collect and analyze the required information
- The plan includes the objectives of the research, the sources of information to be used, the research methods (e.g., survey, experiment), the sampling plan, and the schedule and cost of the research
- Basic methods the researcher can use for causal and descriptive research include:

1. **Survey:** generates information based on preset questions. They can be conducted face-to-face, by mail, by telephone, or online as you increase price, you normally increase the efficiency.

- Factors to consider when using a survey:
  - Cost, complex question, interviewer bias, respondent anonymity, response rate, and collection speed
- **Survey panel:** sample of consumers, stores, or experts, from which researchers can take a series of measurements – this is helpful for determining ongoing information
- **Issues in questioning**
  - Leading question – lead consumer to make a certain statement/opinion
  - Ambiguous question – common words that have variable meanings (ie: "regularly")
  - Unanswerable question – asks for too much detail with little relevance
  - Double question
  - Nonexhaustive question – does not include all applicable options (or an "other" option)
  - Non-mutually exclusive answers – there is overlap (ie: age <=20, 20-40, 40-60…)
- It is also important to survey the distributors in a field, as companies are likely dependant on them
- The magic of the internet has made it easier to ask questions and obtain information

2. **Experiment:** manipulation of an independent variable (cause) and the measurement of its effect on the dependent variable (effect) under controlled conditions.

- Marketing experiments offer the potential for establishing cause-and-effect relationships (causal research). Normally the independent variables are one of the marketing mix variables (product, price, promotion, placement).
- **Field experiment:** research is conducted in the real world, such as in a store, in a bank, or on the street, wherever the behaviour being studied occurs naturally.
- **Lab experiment:** highly controlled environment
- The Internet, including social media, has also opened up opportunities to do creative online market testing of products, packaging, advertising, and so on.

3. **Observation:** watching (mechanically or in person) how individuals behave

- **Ethnographic research:** anthropologists and other trained observers seek to discover subtle emotional reactions as consumers encounter products in their "natural use environments," such as in homes, cars, or hotels.
- Personal observation is both useful and flexible, but it can be costly and unreliable, especially when different observers report different conclusions in watching the same activities.

Sampling

- Although sampling is an inherent component of the research design stage, it is a distinctive aspect of the research process
- **Sample:** subset of a larger population; although generally an "equal" representation of a population, there can be error based on size, individuals, and selecting the sample units
- There are 2 basic sampling techniques:
  - **Probability sampling:** precise rules to select the sample such that each element of the population has a specific known chance of being selected
  - **Nonprobability Sampling:** use of arbitrary judgment by the marketing researcher to select the sample so that the chance of selecting a particular element of the population is either unknown or zero

Data Collection and Analysis

- **Fieldwork:** use of arbitrary judgment by the marketing researcher to select the sample so that the chance of selecting a particular element of the population is either unknown or zero
- This can be a major source of error, so focus is key. **Look for patterns and consistencies**

Conclusion and Report

- This part interprets the data to make meaningful conclusions to communicate research findings and suggestions.

Using a marketing information system to trigger marketing actions

- managers need reliable action plans to extract and act on data they find useful amid a sea of data
- must consider the brand drivers to help induce people to buy:
  - product, price, promotion, placement, competition, consumers, and distribution
- **marketing information system:** people, computers, and communication systems to satisfy an organization's needs for data storage, processing, access, and marketing decision-making
- the core of the marketing information system is the **data warehouse.**
- models select and link the pertinent data, often presenting them in tables and graphics for easy interpretation. Marketers can also use **sensitivity analysis** to query the database with "what if" questions to determine how a hypothetical change in a driver, such as advertising, can affect sales

Chapter 9 – Market segmentation, Targeting, and Positioning

Market Segments

- It is important to segment the overall market and appeal to those that are your strength in order to turn a profit -> cannot satisfy everyone
- **Market Segments:** homogenous groups who have **common needs** and will **react similarly to marketing action**
- **Product differentiation**: firms using different marketing mix activities, such as product features and advertising, to help consumers perceive the product as being different from and better than competing products
- The 3 main steps to help group people into segments based on need are:
  - **Identify market needs** (product, features, quality)
  - **Link needs to action** – take steps to segment and target markets
  - **Execute marketing program action** (4 P's)
- Can use **market-product grids** to segment percentages of product to different target groups
- Obviously if it costs more to segment a market than the ROI is, then don't do it. There are normally 3 main situations where it is worthwhile to segment a market:
  - **One product and multiple market segments**: can use marketing to sell the same product to 2 different segments (ie: books – HP is sold to younger children and to adults)

- **Multiple products, multiple segments**: similar but distinct products that suit different markets better (ie: Ford – SUV's to families, smaller cars to younger people, etc.).
  - This method may be beneficial if you meet the needs of customers, but it can also cause a decrease in quality/increase in price if the segments aren't on point
- **Segments of One – Mass Customization:** catering to the unique needs and wants of individual customers
- It is important to to consider the trade-off of segmentation. One needs to balance the needs of customers (customization) and achieving organizational synergy
- **Organizational synergy:** increased customer value achieved through performing organizational functions such as marketing or manufacturing more efficiently
- **Cannibalization**: when a new product/chain (added to increase synergy and customer value) ends up competing with and/or overriding existing products you offer
  - Many companies now have a higher and lower end line: Old Navy vs. Banana Republic, Lincoln vs. Ford

How to segment and target Markets (link needs to action)

1. **Group Potential Buyers into Segments**

- Must first consider if it is worthwhile to segment buyings into markets, or to keep a general approach
- Some main criteria to consider if segmentation is worthwhile:
  - Potential for increased profit
  - Similarity of needs of consumers in segment
  - Difference of needs of different segments – can combine if needs Are similar
  - Potential of marketing action to reach segment
  - Simplicity and cost of assigning potential buyers to segments
- There are normally a set of dimensions on how to segment the market, each with many variable to consider within:
  - Geographic, demographic, psychographic (lifestyle), and behavioural
    - Benefit sought, usage rate, user status, loyalty status
    - **Usage rate:** quantity consumed or patronage per period of time; consider the 80/20 rule (80% of business from 20% of customers)
- Marketers can consider multiple dimensions to segment a smaller (but potentially more profitable) segment → higher-income men, not married, in "outback areas" of Southern USA would be a segment for Jeep Wrangler's

2. **Group Product to be Sold in Categories**

- It is important for brands with multiple products to have meaningful groupings so consumers can relate the products
- Does not necessarily need to be a group of products – can be the experience, the satisfaction gained, etc.

3. **Develop a market-product grid and estimate the size of the markets**

- Must lay out systematically the markets, products, and size of the market in each cell

4. **Select target market**

- Companies must ensure they pick the right target market segments: too narrow and they won't make sales; too broad and they will spread their marketing efforts too thin
- Common criteria to use includes:
  - Market size, expected growth, competitive position, cost of reaching segment, and compatibility with objectives and resources
- **Chose the segment:** ultimately, a marketing exec must choose the segments to target

5. **Take marketing action to reach target markets**

- Using the market-product grid, a marketing plan should be trigged into development and action

- Depending on how your advertising actions work, you can repeat, modify, or drop them and design new campaigns for other segments you feel are worth the effort

Positioning the product

- **Product position:** the place an offering occupies in consumers' minds on important attributes relative to competitive products
- **Product repositioning:** *changing* the place an offering occupies in consumer's mind relative to competition
- There are two ways that products can be positioned:
  - **Head-to-head**: competing directly with competitors on similar product attributes in the same market
  - **Differentiation**: seeking a less competitive, smaller market niche in which to locate a brand, usually stressing the unique aspects of the product
- Most manager will produce a **positioning statement** about the product to identify where they believe their offering lies in the market
- Managers can use a **perceptual map** to identify the brand/product perception by consumers
  - Main points of consideration are to:
    - Identify important attributes of the product or brand **class**
    - Find consumer perception of **competing** products/brands
    - Discover consumer perception of **own** products
    - **Reposition** if necessary

Sales Forecasting Techniques

- **Market Industry Potential:** maximum total sales of a product by all firms to a segment during a specified time period under specified environmental conditions and marketing efforts of the firms
- **Sales forecast:** total sales of a product that a firm expects to sell during a specified time period under specified environmental conditions and its own marketing efforts
- There are 3 main tools for forecasting:

1. **Judgements of the decision maker:**

- A lot of forecasts are the judgement of the decision maker acting on results of the forecast
  - **Direct forecast:** estimating the value to be forecast without any intervening steps
  - **Lost-horse forecast**: making a forecast using the last known value and modifying it according to positive or negative factors expected in the future (ie: make considerations in steps)

2. **Survey of Knowledgeable Groups**

- Two common groups to ask are prospective buyers and firm's salesforce
  - **survey of buyers' intentions forecast:** asking prospective customers if they are likely to buy a product during some future time period.
  - **salesforce survey forecast**: asking a firm's salespeople to estimate sales during a coming period

3. **Statistical Methods**

- **Trend Extrapolation:** extending a pattern observed in past data into the future (can be **linear**)