Learning Objectives

Upon completion of this unit, students should be able to:

1. Identify the variables that shape the environment of marketing strategy planning.
2. Explain how the resources of a firm affect the search for opportunities.
3. Analyze competitors and competitive environments.
4. Discuss how the economic and technological environment can affect strategic planning.
5. Describe the cultural and social environment associated with the external marketing environment and how key population trends affect strategy planning.
7. Describe market segmentation and how to segment product-markets into submarkets.
8. Interpret three approaches to market-oriented strategy planning.
9. Describe techniques that may help in segmenting.
10. Explain positioning and why it is useful.

Written Lecture

In Unit I, we explained marketing and some of the basic principles that guide marketing thinking, followed by basic decision areas involved in marketing strategy planning, and the logic for the marketing strategy planning process. It is important to understand that businesses need innovative marketing strategy planning to survive in our increasingly competitive markets. In this unit, we will identify the variables that shape the broad environment of marketing strategy and how they may affect opportunities. Then, we will learn how to conduct competitive analysis and understand the competition. Next, we will describe the external market environments. They are important because changes in these environments present new opportunities, as well as problems, that a marketing manager must deal with in marketing strategy planning.

Marketing managers do not plan strategies in a vacuum. When choosing target markets and developing the four Ps, they must work with many variables in the broader marketing environment (Perreault & McCarthy, 2010). The forces that shape the marketing environment could be grouped into direct market or external market environments. The later being much broader is comprised of four major areas; economic, technology, political and legal, and cultural and social environments.

The economic environment, including chances of recession or inflation, also affects the choice of strategies. Marketers must try to anticipate, understand, and deal with these changes as well as changes in the technology underlying the economic environment. Technological developments offer marketers both opportunities and threats. Of late, technology such as the internet and other information exchange systems have created consumers/customers that expect...
instant results and gratification, placing extra pressure as businesses try to deliver increasingly innovative products and services, at hyper competitive prices with ever decreasing timelines. In addition, the marketing manager must also be aware of legal restrictions and be sensitive to changing political climates. The cultural and social environment affects how people behave and what marketing strategies will be successful.

Developing good marketing strategies within all these environments is not easy. Marketing planning is a challenging job that requires integration of information from many disciplines. This process is used to identify and match opportunities to the firm’s resources (what it can do) and its objectives. We examine ways to screen and evaluate opportunities to determine which are likely to be the most profitable and then to turn them into profitable marketing plans and programs.

The three approaches to market-oriented strategy planning are the single target market approach, the multiple target market approach, and the combined target market approach.

Next, marketing managers use market segmentation and positioning to narrow down a broad market to a specific market and marketing mix that must meet the needs of target customers. However, simply meeting the needs in the same way its competitors meet similar needs is not sufficient; marketers must differentiate the marketing mix in order to get a competitive advantage. Differentiation here implies that the marketing mix is distinct and better than what the competition has to offer.

Businesses need to carefully define generic markets and product-markets and use that understanding to help in identifying and evaluating opportunities. The generic market is a market with broadly similar needs, whereas the product market is one with needs that are more specific. Market penetration, market development, product development, and diversification are four broad possibilities to pursue opportunities. There are shortcomings in having a narrow, product-oriented view of markets. It is better to take a broader view that also includes consideration of customer needs, the product type, the customer type, and the geographic area.

Market segmentation is the process of naming and then segmenting broad product-markets to find potentially attractive target markets. Some try to segment markets by starting with the mass market and then dividing it into smaller submarkets based on a few demographic characteristics, but this can lead to poor results. Market segmentation should first focus on a broad product-market and then group similar customers into homogeneous submarkets. The more similar the potential customers are, the larger the submarkets can be.

Once a broad product-market is segmented, marketing managers can use one of three approaches to market-oriented strategy planning. They are the single target market approach, the multiple target market approach, and the combined target market approach. In general, marketers should be segmenters rather than combiners.

One possible definition of positioning is that it is the act of creating a consistent and positive customer/consumer perception about a product. A positioning analysis helps managers understand how customers see their market. It is a visual aid to understanding a product-market. Positioning plays an important role in providing a focus or theme to the various elements of a differentiated marketing mix that fits the preferences of target customers.
Good marketers should be experts on markets and likely segmenting dimensions. By creatively segmenting markets, they may spot opportunities, even breakthrough opportunities, and help their firms succeed against aggressive competitors offering similar products.

Reference

Learning Activities (Non-Graded)

Article Review

For this assignment, choose a peer-reviewed article to review. Search for an article related to one of the topics discussed in Unit II. Use the databases within the CSU Online Library or use another source that contains peer-reviewed articles. The purpose of this assignment is for you to practice reviewing articles related to the field. The authors of these articles are researchers and professionals in the field. Use these skills to contribute to research papers and other scholarly writing. As you read the articles, consider the following questions:

How could the topic of this article apply to your personal or professional life?
How could it apply to an organization you have observed?

The article you choose must meet the following requirements:
1. Peer reviewed
2. Related to the concepts within this course
3. At least five pages

The writing you submit must meet the following requirements:
1. At least two pages
2. Identify the main topic/question
3. Who is the author’s intended audience?
4. Summarize the article for page one
5. Think critically about the article and how it applies to this course for page two

Format your article review using APA Style. Use your own words and include citations for other articles as needed to avoid plagiarism. This is a non-graded activity, so you do not have to submit it.