

Week 2 key points

## EXTERNAL ANALYSIS

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### PEST ANALYSIS- can detect threats or opportunities in an organization

*Political-/legal trends* → regulation change? Inflation rates effect?

*Economic*- recession? Dollar strength? Export import rates?

*Sociocultural*- health trends etc

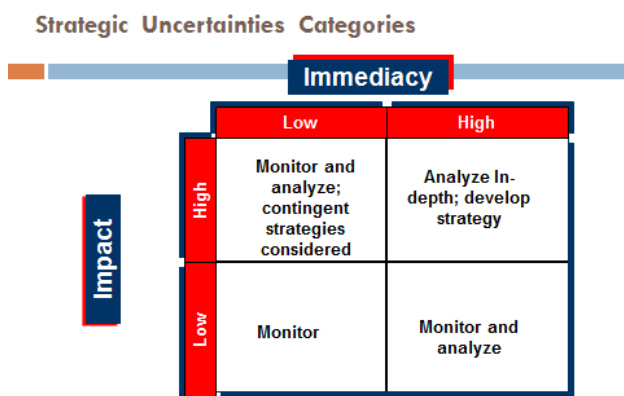
*Technological*- Internet- threat as well → e.g whitcools → maturing trends

*Environmental*- donate unused goods/scrap that can be recycled

*Demographic*- which trends represent threats and opportunities

- Green movement/fair trade → example of opportunity for business's to connect to employees and suppliers → changes the demand and perception of products as worker rights and financial states become more of an issue
- Provides functional benefit to customers and firms → better pricing for suppliers and hence more customers bought in and more loyal suppliers → better relationships
- Relationships + respect from employees and customers.

### Impact analysis



High Impact – low Immediacy- Don't bother- e.g harnessing of tide energy

High Impact- High Immediacy- Formulate plan and resources ready for it

Low impact-low immediacy- don't bother

Low Impact- High immediacy- keep monitored and prepare strategy to not hinder business.

## Scenario analysis

- Exploring different assumptions about the future
- Usually only two to three scenarios→ anymore would be useless
- Develop strategy for each and probability for each
- Evaluate potential implementation of each strategy

## Segmentation

- Identification of customer groups that respond differently from other groups competitive offerings
- Requires concept/development and evaluation of a targeted competitive offering
- Who are the biggest customers? The most profitable? The most attractive potential?

## Ways to segment customers

### *Demographics/customer characteristics*

- Geo/type of business/size /lifestyle/sex/age/occupation

### *Product related approach*

- User type → concert season→ occasional or seasonal
- Usage-desert eaters→
- Benefits sought- convenience vs calorie conscious
- Price sensitivity- civic ot benz
- Competitor-
- Application – saw use→ home vs commercial
- Brand loyalty-prestig vs budget brands

*Benefits sought from product → outside in → coz the selection of benefits can determines a total business strategy*

## Motivational analysis

- What ele What elements of the product/service do customers value most?
- What are the customers' objectives? What are they really buying?
- How do segments differ in their motivation priorities?
- What changes are occurring in customer motivation? In customer priorities?
- E.G net shoppers→ newbies/strategic/frugal/reluctant
- Customers purpose/goals→ functionality in product→P&Srice needsg prada

## UNMET NEEDS- VERY VULNERABLE.

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*Why are some customers dissatisfied? Why are some changing brands or suppliers?*

- products not meeting their expectations
- Want more efficiency in the needs
- Change brands to experience new product/fulfill need

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*What are the severity and incidence of consumer problems?*

- Exit costs
- Retaining customers/switching over effects on base customers
- One exits → might WOM it → ripple effect

*What are the unmet needs that customers can identify? Are there some of which consumers are unaware?*

- hard for customers to identify as used to current product etc
- need to ask 20/30 customers with scenarios/suggestions
- better to ask from a customers perspective then the managers perspective.

*Do these unmet needs represent leverage points for competitors?*

- In times of recession , unmet needs represent opportunities for competitors to fill that gap and steal market share/steal customers and this can have a drastic effect on the former company since WOM is so powerful and real hard to duplicate the competitor if the value proposition is strong and customers are emigrating → competitive edge and SCA battle
- THEREFORE must segment customers via a strategy that is very hard to duplicate by competitors and also provide a product using the outside in approach that satisfied their unmet needs instead of the usual make a product inside out style and market it in aiming to sell it → CUSTOMER FIRST BIACH

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