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**Marketing**

COURSE NAME:

**(The Marketing Environment & Customer Targeting)**

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Exam… (short answers 3 to 6 paragraphs)

Chapter 5

**Answers to Exam Questions**

1. Explain briefly what you understand by the ‘marketing environment’ of a business.

**Answer 1:**

* The marketing environment of a business refers to the external factors that can affect the company's ability to sell its products or services. These factors can be categorized into two groups: the micro-environment and the macro-environment. The micro-environment includes the company's immediate surroundings, such as suppliers, customers, competitors, and stakeholders. These are factors that can directly affect the company's operations, marketing strategies, and sales. On the other hand, the macro-environment comprises the broader social, economic, technological, environmental, and political factors that can influence the company's business environment. For instance, changes in government regulations, economic trends, or shifts in consumer behavior can affect the company's marketing strategies. A thorough understanding of the marketing environment is essential for businesses to develop effective marketing strategies that can adapt to changing circumstances and capitalize on opportunities.
1. ‘Suppliers and intermediaries are important stakeholders in the micro-environment of the business.’ Explain the evolving role and functions of these stakeholders in today’s marketing-oriented business.

**Answer 2:**

* Suppliers and intermediaries are critical stakeholders in the micro-environment of any business. They are involved in the production and delivery of goods and services, and their role and functions are constantly evolving in today's marketing-oriented business environment.
* Suppliers are companies or individuals who provide raw materials, components, or other inputs necessary for a business to produce its products or services. In a marketing-oriented business, suppliers are key partners in the supply chain, and businesses must manage their relationships with suppliers carefully. The evolving role of suppliers is characterized by increased collaboration with businesses in areas such as innovation, sustainability, and product development. In addition, suppliers are being asked to provide more than just raw materials, but to offer value-added services such as logistics and supply chain management to ensure that businesses can operate more efficiently and cost-effectively.
* Intermediaries, on the other hand, are businesses or individuals who facilitate the exchange of goods and services between businesses and their customers. They include wholesalers, retailers, agents, brokers, and other middlemen who help businesses reach their target markets. The evolving role of intermediaries is characterized by increased specialization, particularly in specific product categories or market segments, and the growth of e-commerce and other digital channels. Intermediaries are also being called upon to provide value-added services such as market research, customer relationship management, and other services that help businesses differentiate themselves in a crowded marketplace.
* In a marketing-oriented business, suppliers and intermediaries are increasingly seen as strategic partners rather than just transactional relationships. Businesses are investing more in developing these partnerships, building collaborative relationships, and creating shared value. This means that businesses must be more proactive in managing their relationships with suppliers and intermediaries, understanding their needs and expectations, and developing win-win strategies.

In conclusion, the evolving role and functions of suppliers and intermediaries are critical to the success of any marketing-oriented business. These stakeholders play a vital role in the production and delivery of goods and services, and businesses must manage their relationships with these stakeholders carefully. As the business environment continues to change, businesses must adapt to these changes and work closely with their suppliers and intermediaries to create value and maintain a competitive **advantage.**

1. Critically discuss the links between the internal environment of an organization and its external marketing environment.

**Answer 3:**

* The internal environment of an organization and its external marketing environment are closely interconnected, and changes in one can have a significant impact on the other. In this discussion, we will critically examine the links between the internal environment of an organization and its external marketing environment.
* The internal environment of an organization refers to the factors within the organization that influence its operations and decision-making processes, such as organizational structure, culture, leadership style, and resources. The external marketing environment, on the other hand, refers to the factors outside the organization that affect its marketing efforts, such as customers, competitors, suppliers, and regulatory agencies.
* The internal environment of an organization has a significant impact on its marketing activities. For example, the organizational structure can determine the speed and flexibility with which the organization can respond to changes in the external marketing environment. A hierarchical structure with numerous layers of management may result in slow decision-making and a lack of agility, while a flatter structure with fewer management layers may be more flexible and better able to respond quickly to changes.
* Organizational culture also plays a critical role in marketing activities. A culture that prioritizes customer satisfaction and innovation can lead to a more customer-centric approach to marketing and the development of new products and services that better meet customer needs. In contrast, a culture that is focused solely on profits may result in short-term thinking and decisions that are not in the best interests of customers.
* The leadership style of an organization also affects its marketing activities. A leadership style that prioritizes collaboration and empowerment can result in a more engaged and motivated workforce that is better able to respond to customer needs. In contrast, a leadership style that is autocratic and hierarchical may stifle creativity and innovation, leading to a marketing approach that is not customer-focused. The resources available to an organization also play a crucial role in its marketing activities. For example, a lack of financial resources may limit the organization's ability to invest in marketing activities, while a shortage of skilled personnel may hinder the development of effective marketing strategies.
* The external marketing environment also has a significant impact on the internal environment of an organization. Changes in the external environment, such as shifting customer preferences, new competitors, or changes in regulations, can require the organization to adapt its internal structures, processes, and resources to remain competitive. For example, a new competitor entering the market may require the organization to re-evaluate its pricing strategy or develop new products to meet changing customer needs. Similarly, changes in regulations may require the organization to adjust its production processes, resulting in changes to its internal structures and resource allocation.

In conclusion, the links between the internal environment of an organization and its external marketing environment are complex and interdependent. Changes in one can have a significant impact on the other, and organizations must be agile and flexible to respond to changes in the external environment while maintaining a customer-centric focus. A strong internal environment that prioritizes customer satisfaction, innovation, and collaboration can help organizations succeed in an increasingly competitive external marketing environment

Chapter 6

Revision Questions, page 240

1. What are the characteristics that segments must have to be useful?

**Answer 1:**

For segments to be useful in marketing, they must have the following characteristics:

1. **Measurability**: Segments must be easily measurable and quantifiable so that marketers can identify the size and purchasing power of each segment.
2. **Accessibility**: Marketers must be able to reach the segments through appropriate marketing channels. Segments that are difficult to reach may not be cost-effective to target.
3. **Substantiality**: The segments must be large enough to be profitable. Smaller segments may not be worth the effort or resources required to target them.
4. **Homogeneity:** Segments must have similar needs, wants, and preferences, so that marketers can develop effective marketing strategies that appeal to the entire segment.
5. **Stability**: Segments must be stable over time, so that marketers can rely on them as a basis for long-term planning.
6. **Actionability**: The segments must be actionable, meaning that the marketer must be able to develop and implement marketing strategies that effectively reach and persuade the segment.

Overall, segments must be well-defined and distinguishable from other groups in the market, and they must provide opportunities for the marketer to develop effective marketing strategies that will generate profitable sales.

1. List three very different car brands or models. What is the segment that each appeals to? How do the car manufacturers attempt to target the group of users? What tactics do they attempt to use to position the cars differently?

**Answer 2:**

Three different car brands or models and their respective segments, targeting strategies, and positioning tactics are:

1. Toyota Prius: The Prius appeals to environmentally-conscious consumers who value fuel economy and low emissions. Toyota targets this group by emphasizing the car's hybrid engine and eco-friendly features in their marketing. They position the Prius as a responsible and socially-conscious choice for drivers who want to reduce their carbon footprint.
2. Dodge Challenger: The Challenger appeals to performance enthusiasts who value power, speed, and style. Dodge targets this group by emphasizing the car's muscular design, powerful engine, and racing capabilities. They position the Challenger as a bold and aggressive car for drivers who want to stand out on the road.
3. Volvo XC90: The XC90 appeals to families who value safety, luxury, and comfort. Volvo targets this group by emphasizing the car's advanced safety features, spacious interior, and premium design. They position the XC90 as a safe and luxurious car for families who prioritize comfort and convenience.

Each car manufacturer attempts to target their respective segment by tailoring their marketing messaging and tactics to appeal to the specific needs, wants, and preferences of that group. For example, Toyota emphasizes the eco-friendliness of the Prius, while Dodge focuses on the Challenger's performance and style. Volvo, on the other hand, highlights the XC90's safety and luxury features.

The positioning tactics used by each car manufacturer also differ, with each trying to differentiate themselves from their competitors. Toyota positions the Prius as a responsible and socially-conscious choice, while Dodge positions the Challenger as a bold and aggressive car. Volvo positions the XC90 as a safe and luxurious family car.

Overall, the car manufacturers attempt to target their respective segments by understanding their unique needs and preferences, and then developing marketing strategies and positioning tactics that effectively communicate the benefits of their respective cars to those audiences.

3. Think of an example where the users of a product are not the buyers themselves. What are the implications for targeting?

**Answer 3:**

One example where the users of a product are not the buyers themselves is children's toys. Parents or guardians are typically the buyers, while the children are the users.

* The implications for targeting in this scenario are significant. Marketers must appeal to both the parents and the children in their messaging and product design. While parents may prioritize safety, quality, and educational value, children may prioritize fun, creativity, and interactivity.
* Marketers may need to use different tactics to appeal to both groups. For example, they may use targeted advertising to reach parents through channels like parenting blogs or social media groups, while using colorful packaging and engaging product features to attract children's attention in-store or online.
* Another consideration is that children's preferences and interests may change rapidly, requiring marketers to stay up-to-date with the latest trends and fads in children's toys. This means that targeting strategies may need to be adapted frequently to keep up with changing demands.

Overall, when the users of a product are not the buyers themselves, targeting must consider the unique needs and preferences of both groups. Marketers must appeal to both the practical considerations of the buyer and the emotional desires of the user in order to effectively promote the product.

1. What is smart targeting? How might it apply to the sale of ladies shoes?

**Answer 4:**

* Smart targeting is a marketing strategy that uses data analysis and customer insights to identify the most relevant and profitable target audience for a product or service. This approach involves using advanced analytics to gather and analyze large amounts of data about customer behavior and preferences, in order to develop more targeted and personalized marketing messages and campaigns.
* In the context of the sale of ladies shoes, smart targeting could involve analyzing customer data to identify the most profitable customer segments, such as those who have previously purchased similar products, those who have shown interest in related products or brands, or those who fit certain demographic or lifestyle criteria. Using this information, marketers could then develop highly targeted advertising messages and campaigns that appeal specifically to these customer segments. For example, they could create customized product recommendations, promotions, and discounts based on each customer's purchase history or preferences.
* Smart targeting could also involve using data analysis to track customer behavior and engagement with marketing messages, in order to optimize and improve the effectiveness of marketing campaigns over time. For example, marketers could use A/B testing to compare the effectiveness of different marketing messages, or track customer engagement with different types of advertising channels or media.

Overall, the use of smart targeting in the sale of ladies shoes could help marketers to better understand their target audience, develop more targeted and effective marketing campaigns, and ultimately drive higher sales and customer engagement.

1. It is not uncommon to hear a business claim something like, ‘We’re going to target “big-hearted team players”’. Is it actually possible to focus on such a group? Is it likely to be a good business decision?

**Answer 5:**

* While it is possible for a business to focus on a group defined by characteristics such as "big-hearted team players", it may not be the most effective or efficient targeting strategy. This type of targeting is often based on broad and subjective criteria, and may not provide clear guidance on how to reach and engage with this group of consumers.
* One challenge with targeting based on subjective characteristics is that it can be difficult to accurately identify and reach the intended audience. What one person considers to be a "big-hearted team player" may be different from another person's definition. As a result, marketers may struggle to develop messaging and campaigns that resonate with the target group.
* Another challenge is that targeting based on subjective characteristics may not provide clear guidance on which marketing channels or tactics to use. For example, it may be unclear whether "big-hearted team players" are more likely to respond to social media advertising, email marketing, or other forms of marketing communication.
* Furthermore, targeting based on subjective characteristics may not be a good business decision if the group is too small or not profitable enough to generate significant sales. It is important for businesses to identify target segments that are both large enough and profitable enough to justify the cost of targeting and engaging with them.

Overall, while targeting based on subjective characteristics may seem appealing to businesses, it is important to ensure that the characteristics are clearly defined and well-supported by data and insights. A more focused and data-driven targeting strategy is likely to be more effective and efficient in driving business success.

1. Think about segmentation and competitive response. Identify a market and describe it from this perspective. For instance, do different competitors appeal to different segments? Do some segments attract more competitors? What does this mean for the appeal of segmentation for increasing the return on investment from marketing spend?

**Answer 6:**

One market that can be analyzed from the perspective of segmentation and competitive response is the online streaming video market. This market includes providers such as Netflix, Amazon Prime Video, Disney+, and Hulu, among others.

* Different competitors in this market do appeal to different segments of customers. For example, Netflix has positioned itself as a provider of high-quality original content, and tends to appeal to customers who are willing to pay a premium for this content. Amazon Prime Video, on the other hand, is often seen as a value-oriented option, and appeals to customers who are more price-sensitive. Disney+, meanwhile, focuses on family-friendly content, and attracts customers who are looking for this type of programming.
* Some segments in this market may attract more competitors than others. For example, the market for family-friendly programming may be more attractive to competitors, as it is a large and growing segment. This could lead to increased competition and pricing pressure in this segment.
* The appeal of segmentation for increasing the return on investment from marketing spend in this market is significant. By identifying and targeting specific customer segments, providers can tailor their marketing messages and campaigns to better resonate with these customers. This can lead to more effective marketing spend, higher customer engagement, and ultimately, higher returns on investment.

 Additionally, by focusing on specific segments, providers can differentiate themselves from their competitors and potentially gain a competitive advantage in the market.

1. How is a segment different from a partition? What are the implications for marketers in thinking about segments versus partitions?

**Answer 7:**

A segment and a partition are both ways of dividing a market into smaller groups, but they differ in terms of the criteria used for grouping.

A segment is a group of customers who share similar needs, characteristics, or behaviors that can be targeted with a tailored marketing strategy. Segmentation is typically based on quantitative data, such as demographic information, geographic location, or purchase history.

A partition, on the other hand, is a group of customers who are divided based on arbitrary or subjective criteria. For example, a partition could be based on alphabetical order of last names or whether a customer has previously contacted customer service.

The implications for marketers in thinking about segments versus partitions are significant. Segments are based on relevant and actionable data, and can help marketers to tailor their marketing strategy to specific groups of customers. This can lead to more effective marketing campaigns and higher returns on investment.

In contrast, partitions are arbitrary and not necessarily meaningful in terms of marketing strategy. Focusing on partitions may lead to ineffective marketing campaigns that do not resonate with customers or drive sales.

Therefore, it is important for marketers to use segmentation based on relevant and actionable data to better understand and engage with their target customers. By focusing on segments rather than partitions, marketers can develop tailored marketing strategies that are more likely to be effective and efficient in driving business success.

1. If you could target precisely, would you want to? Identify the criteria you would have for who you would want to specifically target. Give consideration to the NBD distribution of buying rates before finalizing your criteria.

**Answer 8:**

If a marketer has the ability to target precisely, it can be beneficial in many ways. By focusing on a specific group of customers who are most likely to be interested in the product or service being offered, marketers can increase the efficiency of their marketing spend, as they are not wasting resources on customers who are unlikely to convert.

However, before finalizing the criteria for specific targeting, it is important to consider the NBD (negative binomial distribution) of buying rates. The NBD model helps to estimate how often customers make purchases and how many purchases they are likely to make in a given period. It can be used to identify high-value customers and help determine the appropriate targeting strategy.

In determining the criteria for specific targeting, marketers should consider factors such as demographics, psychographics, purchasing behavior, and purchase history. They should also consider the NBD distribution of buying rates to ensure that they are targeting customers who are likely to make repeat purchases and are therefore more valuable to the business.

Ultimately, the criteria for specific targeting will vary depending on the product or service being offered, the target market, and the marketing goals of the business. The key is to use data-driven insights to identify the most valuable customers and develop a targeted marketing strategy that is tailored to their needs and preferences.

**Conclusion**

In this chapter I also learned what is environment based marketing and targeting your customer on every aspect including their interests, values, tastes as well as a lot of other segments. While data and analysis on specification is requirement.

As marketing profession needs also to be based on principles, ethic code, rules to safe environments and over all satisfaction on customer needs.

**Bibliography**

Put the bibliography of the books and other sources used to answer this exam. The bibliography of the book for the exam is given on the first page of the exam.

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