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BUS606

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Module 2 Questions


1. Describe the difference between a market and an industry.

    - Industry is a group of companies that offer a similar product or service, where as
      a market is the mechanism that helps consumers and sellers reach one another.

2. What are the six major categories of the macroenvironment? Provide some examples
   for some of these.

    - Demographic, Economic, Natural, Technological, Political, and Cultural
      Enviorments

3. There are five major forces that determine industry attractiveness (Porter's Five
   Competitive Forces). Briefly define each one.

    - Competition in the industry: consumers are looking for the best product at the
      best price and the market will regulate itself based on these criteria and how
      consumers deem it.

    - Potential of new entrants into the industry: power is directly affected by the
      ability of new entrants into the market who can take a portion of buyers.

- Power of suppliers: Suppliers power can vastly regulate the market based on the dependency of the seller on the supplier.

- Power of customers: customers regulate the market (as mentioned) by seeking the best product at the best price.

- Threat of substitute products: substitute products can cause increased competition among sellers.

4. Briefly define the following forecasting methods: statistical methods, surveys/focus groups, and market tests. Provide a brief example/scenario where one of these three would be effective.

   - Statistical method: using statistical, historical data to predict market trends. Ex. Running a commercial will increase sales by 20% based off previous experience.

   - Survey: asking consumers questions about a product and taking their answers to predict how it will do in the live market. A TV company running a focus group about a potential new show.

   - Market tests: Releasing a small scale version of a product before the rea release to see how the market reacts. A video game releasing a beta version of the public to test, make tweaks and then release a full version.

5. The text describes several 'cautions and caveats' in forecasting. Explain any two of these.

   - Psychological bias: there can be excessive optimism about a product from the seller since they believe in it

- Anchoring Bias: Being "Anchored" in a specific figure that proves a product will be successful even if others disprove it, such as only looking at historical figures.

6. Define customer relationship management, or CRM.

- It is the process in which a build and maintains its relationships with its customers. By using effective strategies to keep customers happy, companies experience happier customers, more volume, and increased loyalty from their customers.

7. Briefly describe the three important steps in the market segmentation process. How can we segment markets?

- Group buyers into segments

- Group products into categories

- Select target market.

- We can segment markets into groups based on income, gender, age, and profession.

8. What is the five-step process for choosing attractive market segments?

- Select Market Attractiveness

  and Competitive Position Factors

- Weight Each Factor

- Rate Segments on Each Factor, Plot Results on Matrices

- Project Future Position for Each Segment

- Choose Segments to Target, Allocate Resources

9. Compare and contrast a niche-market strategy vs a mass-market strategy vs a growth-market strategy.

   - Niche Market is a small, market that usually deals with a small set of customers and limited products. Mass market is the opposite and deals with a larger set of customers and products. Growth market is a market that is typically small to mid-sized but shows trends and potential for growth.

10. Define brand positioning.

    - Brand positioning is the value that a brand can present to its customers. For example, a clothing company provides status and style to its customers.

11. Compare / contrast physical and perceptual positioning analyses. Exhibit 7.2 might assist.

    - It is a direct comparison of characteristics a company to its competitors, a perceptual comparison is a way that a customer can perceive two different brands against one another.

12. List the seven steps in the brand positioning process.

    - Select Market Attractiveness

    - and Competitive Position Factors

    - Weight Each Factor

    - Rate Segments on Each Factor, Plot Results on Matrices

    - Project Future Position for Each Segment

    - Choose Segments to Target, Allocate Resources

13. What is the outcome of effective positioning?

- Successful brand positioning can and will build brand equity, this is a reflection of

how customers fells, and the way they look at your brand.