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UNIT II

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► **ANALYSIS OF CONSUMER AND INDUSTRIAL MARKETS**

► **INFLUENCE OF ECONOMIC AND BEHAVIORAL FACTORS**

► **STRATEGIC MARKETING MIX COMPONENTS**

ANALYSIS OF CONSUMER AND INDUSTRIAL MARKETS

► Industry analysis, for an entrepreneur or a company, is a method that helps to understand a company's position relative to other participants in the industry.

► It helps them to identify both the opportunities and threats coming their way and gives them a strong idea of the present and future scenario of the industry.

What is the industrial analysis of a company?

► Industry analysis is a market assessment tool used by businesses and entrepreneurs to show how a company or potential company compares to others in its industry or niche. Industry analyses go beyond regular market research to show how every aspect of the company relates to its competitors or general market trends.

► An industry analysis is a marketing process that provides statistics about the market potential of your business products and services. This section of your plan needs to have specific information about the current state of the industry, and its target markets.

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Types of Industry Analysis

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► **Competitive Force Model (Porter's Five Forces)**

► **SWOT Analysis**

► **PESTLE Analysis**

Competitive Force Model (Porter's Five Forces)
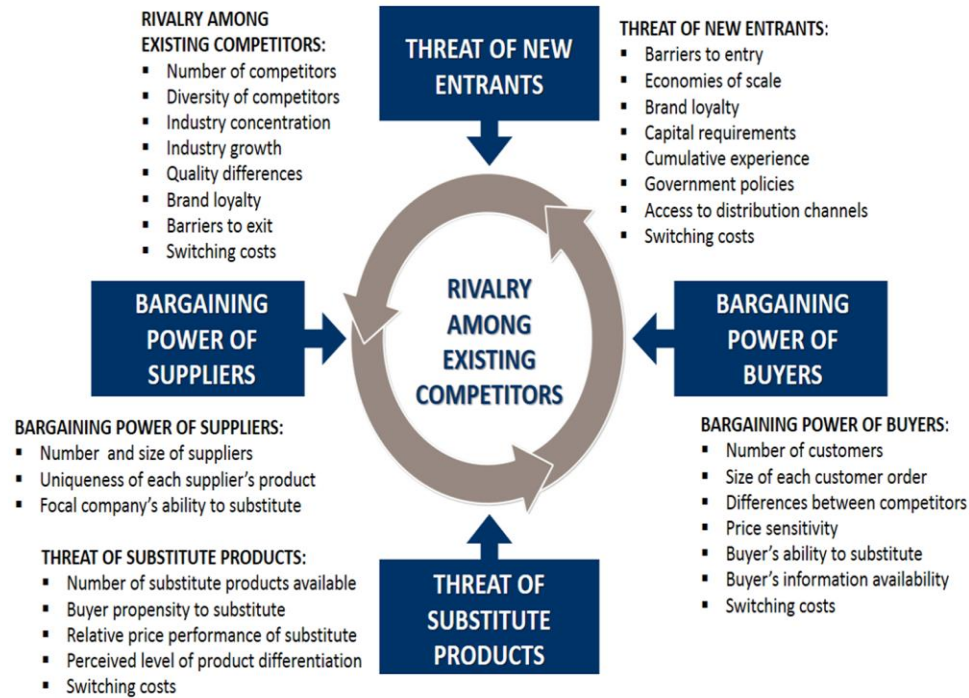
SWOT Analysis

▶ Comprises Strengths, Weaknesses, Opportunities, And Threats, And Its Analysis Studies The Impact On The Business. It Further Consists Of Two Parts

▶ Internal Factors. The Strengths And Weaknesses Fall Under The Category Of Internal Factors. They Exist Within Any Business And Continue To Play Their Role.

▶ External Factors. The Opportunities And Threats Are The External Factors. They Tell Us The Impact Of Potential Happenings And How The Company Should React. Now It Depends On The Management Whether It Has The Ability To Exploit The Opportunities And Ignore Threats.

PESTLE Analysis

▶ PESTLE analysis comprises six macro-environmental factors like political, economical, social, technological, legal, and environmental factors.

▶ **Political.** Political factors mean government regulations, trade policies, tariffs, and the country's overall stable environment.

▶ **Economical.** Economical factors include revenue, GDP, net income, import and exports, taxation, unemployment, growth rate, interest rate, and many other factors.

▶ **Social.** The social factor comprises fashion, trends, shopping, attitude and behavior, demography, healthy standards, and cultures.

▶ **Technological.** Technological factors consist of research and development, latest innovation and creativity, internet, and digital tech trends.

▶ **Legal.** Legal factors comprise labor laws, regulations, minimum wage, employment contracts, paychecks, leaves, and other issues.

▶ **Environmental.** The environmental factor comprises environmental issues like deforestation, pollution, carbon emission, soil degradation, and others.

ANALYSIS OF CONSUMER ANALYSIS

A well-planned customer analysis helps predict customers' reactions to the product, services, AD campaigns, and brand adaptation. In addition, it helps understand customer experiences and satisfaction. You can learn more about customer analytics, data analytics and related topics through data analytics courses.

Effective customer analysis includes segmenting your customers, identifying their needs, determining how your brand meets those needs, and applying that data to your business practices in order to optimize your experience for your customers

Customer analysis typically involves collecting data from various sources, such as surveys, interviews, focus groups, sales data, and social media analytics. This data is used to identify patterns and trends in customer behavior, such as purchasing habits, product usage, and brand loyalty.

Customer analysis is collecting and analyzing customer information to gain insights into their needs, preferences, behaviors, and characteristics.

TYPES OF CONSUMER ANALYSIS

▶ **Customer Feedback Analysis**

▶ **Customer Profitability Analysis**

▶ **Customer Journey Analysis**

▶ **Customer Loyalty And Retention Analysis**

5W Model of Customer Analysis

▶ Who

▶ What

▶ Where

▶ When

▶ Why

TYPES OF CUSTOMER ANALYSIS

▶ Now that we have discussed the process of conducting customer analysis let's look at different types of customer analysis.

▶ Customer Sentiment Analysis

▶ Customer sentiment analysis is a technique used to analyze and understand customers' emotions, opinions, and attitudes toward a brand, product, service, or specific topic.

▶ It uses natural language processing (NLP) and machine learning algorithms to analyze customer feedback from various sources, such as social media, customer reviews, surveys, and customer support interactions.

▶ The analysis focuses on identifying the sentiment behind the text, whether positive, negative, or neutral. The sentiment is determined by analyzing the words and phrases used in the text and the context in which they were used.

▶ Businesses can gain valuable insights into customers' perceptions of their brand, products, or services by conducting customer sentiment analysis.

▶ It can help businesses identify areas where they need to improve their customer experience, product features, or customer service and identify trends and patterns in customer feedback.

▶ Customer Feedback Analysis

▶ Customer feedback analysis is collecting and analyzing customer feedback to understand their satisfaction level, identify areas for improvement, and make data-driven decisions to improve customer experience.

▶ The analysis typically involves using text analytics and data mining techniques to identify trends and patterns in customer feedback. For instance, the analysis can help identify common customer feedback themes such as product quality, customer service, and pricing.

▶ The insights gained from customer feedback analysis can be used to improve various aspects of the business, such as product design, customer service, marketing, and sales. For example, suppose customers frequently mention poor customer service. The business can improve its customer service processes and training in that case.

▶ Customer Profitability Analysis

▶ Customer profitability analysis is a technique businesses use to evaluate the profitability of individual customers or customer segments. The analysis is conducted by calculating the revenue generated by each customer or customer segment and subtracting the costs associated with serving that customer or segment.

▶ Customer profitability analysis aims to identify the customers or segments most profitable for the business and allocate resources accordingly. It helps businesses make strategic decisions on maximizing profitability by focusing on the most profitable customers or segments and minimizing resources spent on less profitable ones.

▶ The insights gained from CPA can be used to make data-driven decisions on pricing, marketing, and product development strategies. For example, a business may identify that a particular customer segment is more profitable than others and develop targeted marketing campaigns to attract more customers in that segment.

▶ Alternatively, a business may identify a less profitable customer segment and discontinue products or services that are not profitable for that segment.

▶ Customer Journey Analysis

▶ Customer journey analysis is a technique businesses use to understand the customer experience from the customer's perspective. It involves mapping out a customer's various touchpoints with a business, from initial awareness to post-purchase follow-up, and analyzing the customer's behavior and emotions at each stage.

▶ Customer journey analysis aims to better understand the customer experience and identify areas where the business can improve customer satisfaction and loyalty.

▶ By analyzing the customer journey, businesses can identify pain points, opportunities for improvement, and areas where they can differentiate themselves from competitors.

▶ Customer Loyalty And Retention Analysis

▶ Customer loyalty and retention analysis is a technique businesses use to understand and improve customer loyalty and retention. It involves analyzing customer behavior and identifying factors influencing customer loyalty and retention.

▶ The goal of customer loyalty and retention analysis is to identify the customers most likely to remain loyal to the business and develop strategies to retain them. By understanding customer behavior, businesses can create more effective retention programs and increase customer lifetime value.

5W MODEL OF CUSTOMER ANALYSIS

▶ The 5W model is a framework used to organize information and gather details about a specific topic or event. First, let's discuss the 5W model for customer analysis.

▶ Who

▶ This component focuses on the demographic and psychographic characteristics of customers. It answers questions such as who the customers are, what their age, gender, income, and lifestyle are, and what their needs and preferences are.

▶ What

▶ What component focuses on the products or services that customers are interested in? It answers questions such as what customers look for in a product or service, what features they find most important, and what benefits they seek.

▶ Where

▶ The "Where" section focuses on the channels and locations where customers interact with the business. It answers questions about where customers shop or research products, what channels they prefer to use for communication, and where they live or work.

▶ When

▶ This section focuses on the timing of customer interactions with the business. It answers questions such as when customers are most likely to make a purchase, when they are most receptive to marketing messages, and when they are most likely to require customer service.

▶ Why

▶ "Why" in the 5W model represents motivations and emotions that drive customer behavior. It answers questions such as why customers choose one product or service over another, why they are loyal to a particular brand, and why they may be dissatisfied with a product or service.

INFLUENCE OF ECONOMIC AND BEHAVIORAL FACTORS

▶ The Economic Factors are the factors that talk about the level of sales in the market and the financial position of the consumer, i.e. how much an individual spends on the purchase of goods and services that contribute to the overall sales of the company.

Personal Income: The personal income of an individual influences his buying behavior as it determines the level to which the amount is spent on the purchase of goods and services. The consumer has two types of personal incomes disposable income and discretionary income.The disposable personal income is the income left in hand after all the taxes, and other necessary payments have been made. The more the disposable personal income in hand the more is the expenditure on various items and vice-versa.

The discretionary personal income is the income left after meeting all the basic necessities of life and is used for the purchase of the shopping goods, luxuries, durable goods, etc. An increase in the discretionary income results in more expenditure on the shopping goods through which the standard of living of an individual gets improved.

Family Income: The family income refers to the aggregate of the sum of the income of all the family members. The total family income also influences the buying behaviors of its members. The income remaining after meeting all the basic necessities of life can be used for the purchase of shopping goods, luxury items, durable goods, etc.

Income Expectations: An Individual's expectation with respect to his income level in the future influences his buying behavior today. Such as, if a person expects his income to increase in the future, then he will spend more money on the purchase of the luxury goods, durables and shopping

goods. And on the contrary, if he expects his income to fall in the future his expenditure on such items also reduces.

Consumer Credit: The credit facility available to the consumer also influences his buying behavior. If the credit terms are liberal, and EMI scheme is also available, then the customers are likely to spend more on the luxury items, durable goods, and shopping goods. This credit is offered by the seller either directly or indirectly through the banks and other financial institutions.

Liquid Assets: The liquid assets with the consumer also influences his buying behavior. The liquid assets are the assets that are readily convertible into the cash. If the customer has more liquid assets, then he is likely to spend more on the luxury items and the shopping goods. On the other hand, if the liquid assets are few then the expenditure on luxury items also reduces.

Savings: The amount of savings out of the personal income also influences the consumer buying behavior. Such as, if the customer decides to save more for a particular period, then his expenditure on the other items will be less and in case the savings are less the expenditure on other items increases.

STRATEGIC MARKETING MIX COMPONENTS.

▶ Strategic analysis and decisions, "marketing mix" analysis falls after various external and internal environmental analyses such as PESTEL analysis, Porter's Five Forces analysis, SWOT Analysis and even formulation of competitive strategies (Porter's Generic Strategies).

▶ Main Aspects of Marketing Mix

▶ The easiest way to understand the main aspects of marketing is through its more famous synonym of "4Ps of Marketing". The classification of four Ps of marketing was first introduced and suggested by McCarthy (1960), and includes marketing strategies of

▶ **PRODUCT,**

▶ **PRICE,**

▶ **PLACEMENT AND**

▶ **PROMOTION**.

▶ Marketing mix is an imperative concept in modern marketing and academically it is referred to as the set of controllable tools that the firm blends to produce the response it wants in the target market, so it consists of everything the firm can do to influence the

demand for its product (Kotler and Armstrong, 2004). It is important to realise that marketing mix strategy of any company can have one major function, that is, strategic communication of the organisation with its customers (Proctor, 2000).

▶ Price: The amount of money paid by customers to purchase the product. Place (or distribution): The activities that make the product available to consumers. Promotion: The activities that communicate the product's features and benefits and persuade customers to purchase the product.