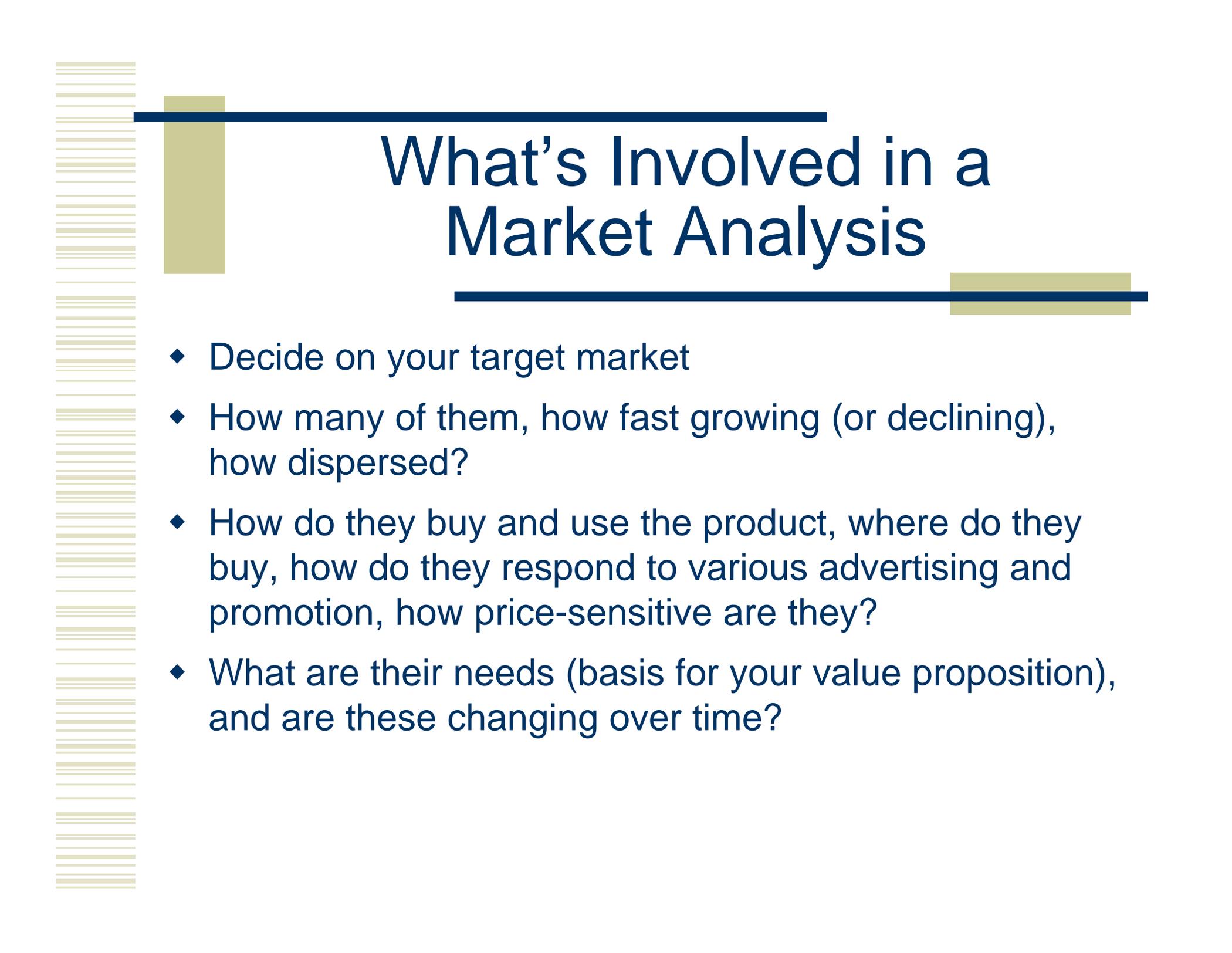




How to do a Market Analysis and Environmental-Trend Analysis

Modified from the following source:

Dr. Stan Abraham, College of Business Administration, CA State Polytechnic University, Pomona



What's Involved in a Market Analysis

- ◆ Decide on your target market
- ◆ How many of them, how fast growing (or declining), how dispersed?
- ◆ How do they buy and use the product, where do they buy, how do they respond to various advertising and promotion, how price-sensitive are they?
- ◆ What are their needs (basis for your value proposition), and are these changing over time?



Target Market

Can be defined...

- ◆ Geographically—global, national, local, etc.
- ◆ Demographically—using variables such as age, income, sex, households
- ◆ Business type or size—“middle-market banks,” “businesses employing >100 people”
- ◆ By need—two-income families need convenience, Internet companies need exposure, people on low-carb diets



Collecting Data on the Target Market

- ◆ Have to do a lot of research
 - The research pays off in your greater knowledge about your market
- ◆ For consumer markets
 - Census data
 - State and local government data
- ◆ For business markets
 - Research the industry segment that comprises your market



Behavior of the Target Market

- ◆ Find out everything you can about these customers
 - How do they buy?
 - Where do they buy?
 - How do they use the product?
 - How do they respond to stimuli?
 - How price-sensitive are they?
 - How often do they buy?
 - Is the user the buyer?

Needs of the Target Market

- ◆ What needs, desires, or wants do these customers have that your product satisfies?
 - Are these needs changing?
- ◆ What is the (customer) value proposition for your company?
 - Why should customers buy your product and not competitors' products?
- ◆ Remember, people buy benefits, not products
 - They buy vision, not glasses
 - They buy heat, not firewood
 - They buy the ability to communicate anywhere, not a cell phone

Two External Environments

The Task Environment

- ◆ Industry analysis
- ◆ Competitors and competitive analysis
- ◆ Market analysis (customers)

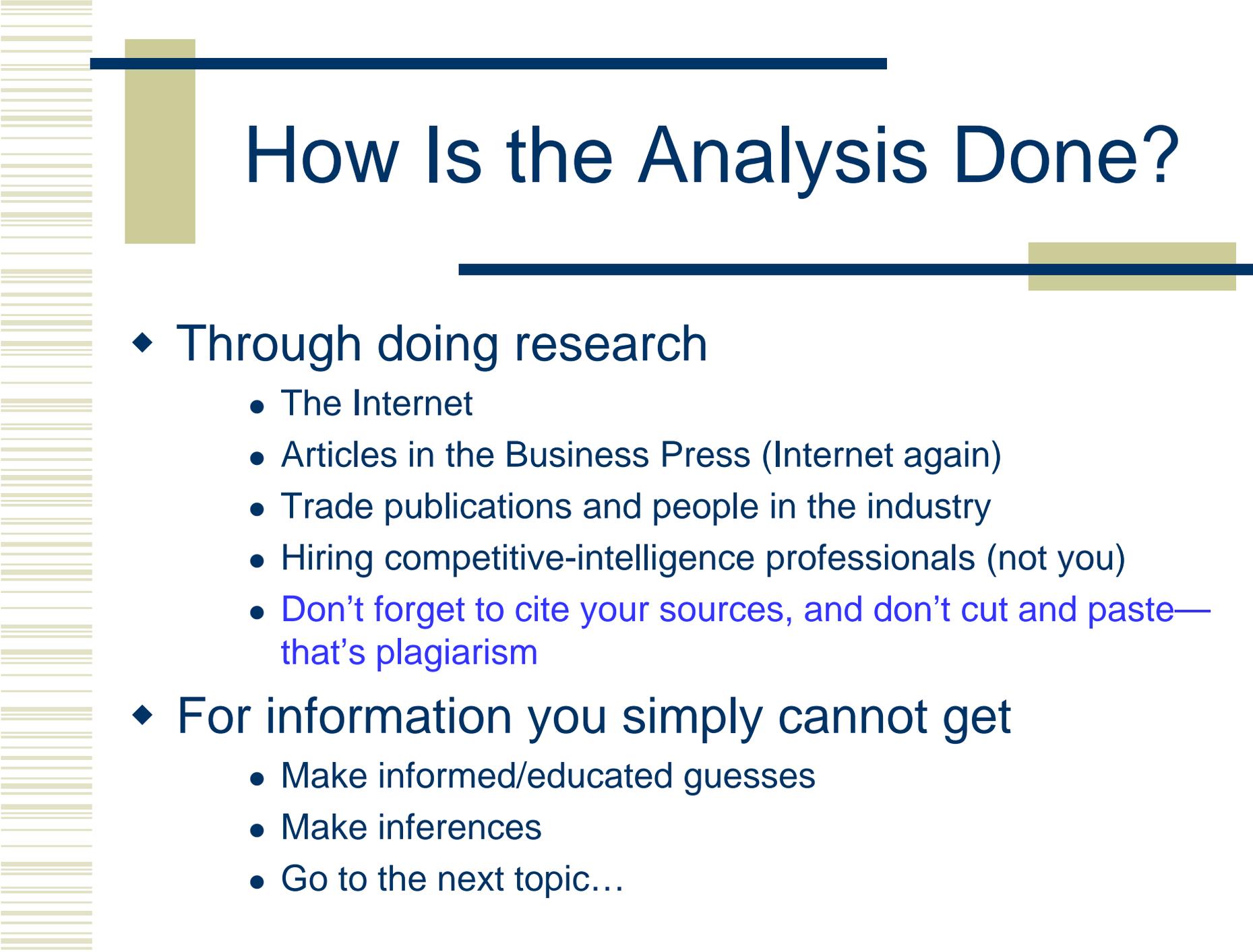
General Environment

- ◆ Demographic
- ◆ Economic
- ◆ Political/legal
- ◆ Regulatory/legislative
- ◆ Technological
- ◆ Socio-cultural
- ◆ Lifestyles, attitudes



Why Must We Do This?

- ◆ Businesses don't exist in a vacuum
- ◆ What's changing out there could affect us
 - Unforeseen competition could wipe us out
 - Unforeseen costs could cripple us
 - So could a downturn in the economy
 - Let's not talk about a new regulation to comply with
- ◆ We need to get a sense of changes that might occur in the *next* five years



How Is the Analysis Done?

- ◆ Through doing research
 - The Internet
 - Articles in the Business Press (Internet again)
 - Trade publications and people in the industry
 - Hiring competitive-intelligence professionals (not you)
 - Don't forget to cite your sources, and don't cut and paste—that's plagiarism
- ◆ For information you simply cannot get
 - Make informed/educated guesses
 - Make inferences
 - Go to the next topic...