



Technology Marketing
04 knowing micro-environment



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Marketing flow

Customer

- Who is your Customers
- Customers' problem
- Customers' needs

Business Environment

- Society, technology, economy, education
- Competition
- Stakeholders

Your Ability/Resource

- Technology, design
- Sales force
- Appeal power

Company's Mission, Vision, etc.

Strategic Planning

Analyses

Decision Making

- Strategic scope
- Strategic goals
- Key success factors

Marketing Planning / Product Design

- Product
 - R&D, Design, Prototyping, Manufacturing
- Price
- Place
- Promotion

Product / service launch

Feedback / control

Go back to the upstream

External Environment

- ▶ Before making new products or services, you should know the external environment
- ▶ An enterprise is affected by the macro-environment and micro-environment
 - ▶ **Macro-environment consists of**
 - ▶ Social, technological, economic, educational, political, legal, environmental forces
 - ▶ **Micro-environment consists of**
 - ▶ **five forces of competition (Michael Porter):**
 - In-sector, substitutes, supplier, buyers, new entrants
 - ▶ **Segmentation and Stakeholders**

Micro-environment

- ▶ Micro-environment consists of five forces of competition (Michael Porter):
 - ▶ In-sector
 - ▶ Substitutes
 - ▶ Supplier
 - ▶ Buyers
 - ▶ New entrants

In-sector competition

- ▶ The competition of enterprises working in the same business area
- ▶ For example, there are some telecommunication companies in a country
- ▶ For example: Beeline (TIGO), ETL, LTC, STL in Laos
- ▶ They fight each other



In-sector competition (2)

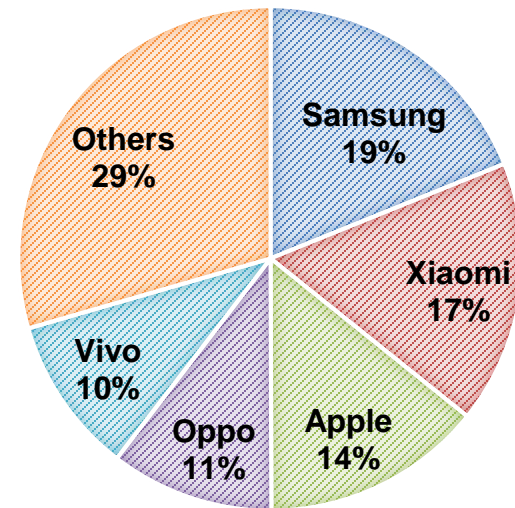
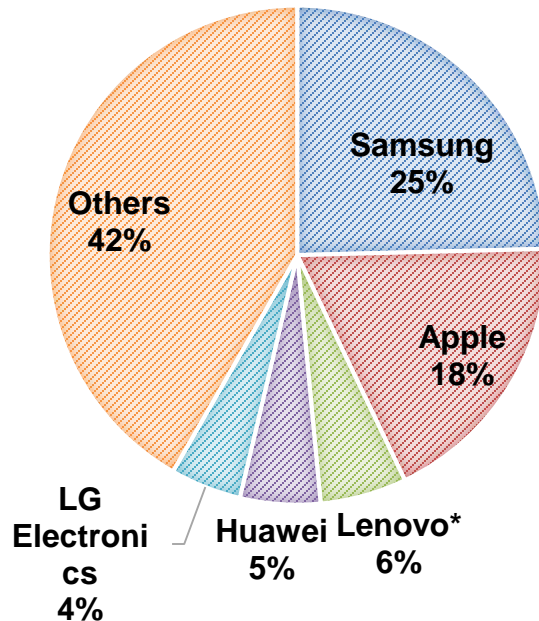
- ▶ It is important to know the position of your company in the business area.
- ▶ B.O. Koopman's target market shares indicate your position
 - ▶ Monopoly: The leading company has more than 73.9% of the market share
 - ▶ Premium: The market leader has more than 41.7% of the market, and has at least 1.7 times the market share of the next largest company.
 - ▶ Duopoly: The combined market share for the market leader and second ranking company is greater than 73.9%, and the first company is within 1.7 times the share of the second.
 - ▶ Oligopoly: The combined market share of the first three companies is greater than 73.9% and the combined market share of the second and third companies is greater than that of the market leader.
 - ▶ Polyopoly: The market leader has less than 26.1% of the market and each company is within 1.7 times the market share of its nearest rival. In this case, the market is unstable with a strong possibility of abrupt shifts in the company rankings.

World Smartphone Market Share

2015, Q1

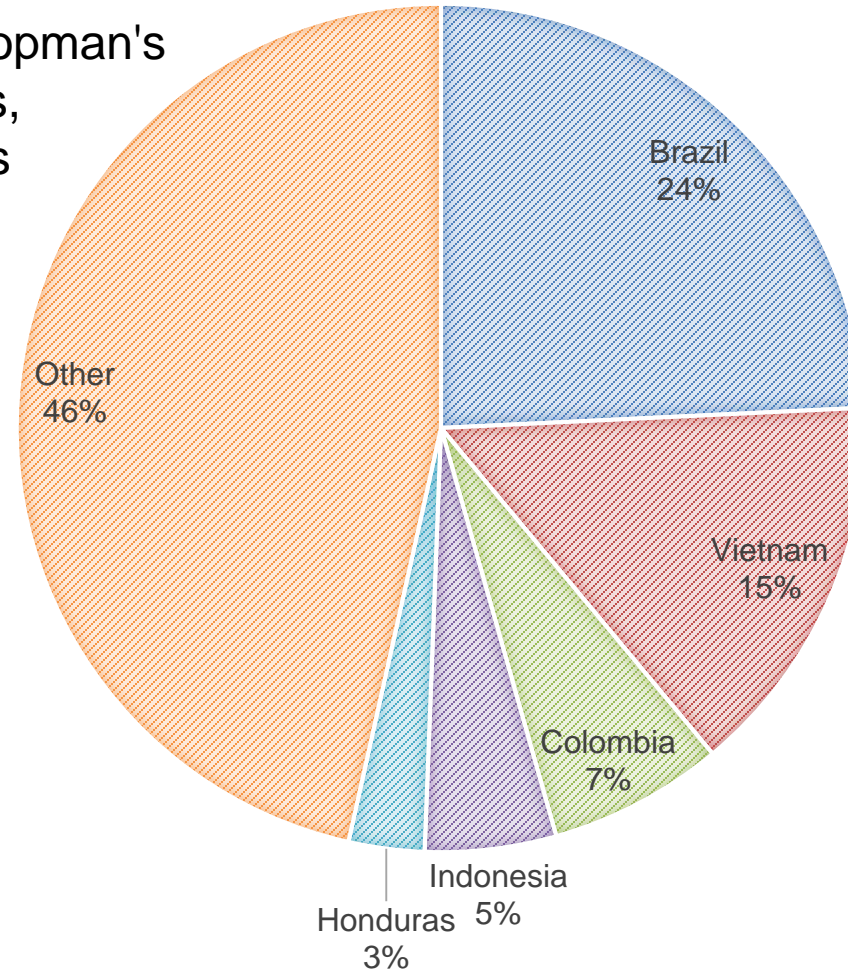
According to the Koopman's target market shares, What do you call this situation?

2021, Q2



World Coffee Production 2014

According to the Koopman's target market shares, What do you call this situation?



Substitutes (1)

▶ Products and services often change their forms

▶ Example: Music

▶ In old ages, music is provided by LP records

▶ LP records was replaced by CD

▶ CD was replaced by digital download services via the internet



LP record (Wikipedia)

▶ Example: Transportation

▶ There are many tuktuks in ASEAN countries

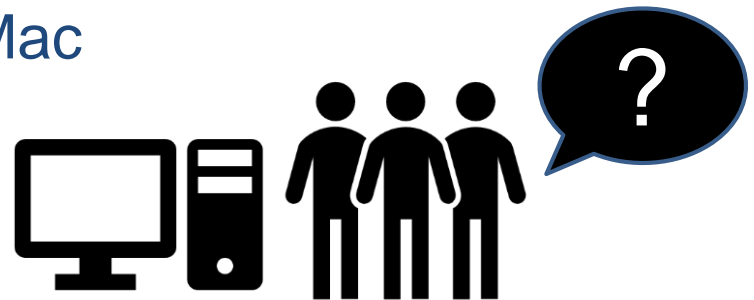
▶ Number of taxis are increasing in these countries



CD (Wikipedia)

Substitute (2): switching costs

- ▶ Switching costs affect the widespread of substitutes
- ▶ If you use a Windows PC and want to switch to a Mac, you should think of the switching cost:
 - ▶ Prices of Mac and office software
 - ▶ Time to learn how to use the Mac



Suppliers (1)

- ▶ There are many PC companies (suppliers): Apple, Lenovo, HP, Dell, Sony, Toshiba, etc.
 - ▶ Consumers have the option to choose and buy PCs
- ▶ There are a few OS (operation system) companies: Microsoft (Windows) and Apple (Mac OS)
 - ▶ There are limited options for consumers
 - ▶ Most of the consumers should choose Microsoft's Windows 7 or 8

Suppliers (2)

- ▶ If there is more demand than supply, suppliers holds power
 - ▶ The suppliers can sell their products or services at higher prices
- ▶ On the contrary, if there is more supply than demand, consumers holds power
 - ▶ The suppliers have to sell their products or services at lower prices
- ▶ Examples:
 - ▶ CHANEL, GUCCI, Lancôme, SHISEIDO, etc.

Buyers

- ▶ If there are many products with the same uses and there is little difference between those products, consumers (buyers) hold the power
- ▶ Example:
 - ▶ There are many Japanese motorbike companies: SUZUKI, HONDA, YAMAHA, KAWASAKI
 - ▶ Their bikes are of good quality and there is little difference between them
 - ▶ Consumers can choose among these options

New entrants (1)

- ▶ New entrants are the threat
- ▶ Example:
 - ▶ Bookstores sell books
 - ▶ If supermarkets start to sell books, they become the new entrants in the book-selling sector
 - ▶ Amazon.com sells books via the Internet
 - ▶ It also the new entrants in the book-selling sector
 - ▶ Supermarkets and Amazon are the threat to bookstores

New entrants (2)

- ▶ In the ASEAN countries, agriculture is an important industry
- ▶ As the globalization is advancing, import and export of agricultural crops are expanding
- ▶ For farmers in some ASEAN countries, imported agricultural crops are the threat to them
- ▶ Example:
 - ▶ Laos coffee

New entrants (3)

- ▶ Ten years ago, Japanese companies sold their home appliances (such as, TVs, refrigerators, air-conditioners, etc.) to the ASEAN countries
- ▶ Now, Korean companies (e.g. LG and Samsung) and Chinese companies (e.g. Haier) expand their sales in the ASEAN countries
- ▶ Korean and Chinese companies are the new entrants and the threat to Japanese companies

Example of competition analysis: Restaurant in a local city

Competition element	Issue	Impact / implications	Comments / actions
In-sector			
Substitutes			
Suppliers			
Buyers			
New entrants			

Example of competition analysis: Restaurant in Lao PDR

Competition element	Issue	Impact / implications	Comments / actions
In-sector	Many rival restaurants	Customers cannot choose	Add some character (Thai, French, Japanese?)
Substitutes	Eat at home	People can eat in their houses	Make a difference
Suppliers	Foodstuff Water		
Buyers			
New entrants	Followers		

Segmentation and Stakeholders

- ▶ Not only the five forces (competition forces), but also **segmentation and stakeholders** should be taken into account



Segmentation (1)

- ▶ Not all customers are equal
 - ▶ Young people buy cutting-edge electronic goods while old people buy traditional goods
 - ▶ A customer likes coffee while the other customer likes tea
 - ▶ An office worker uses a Windows PC while the other worker uses a Mac
- ▶ Customers are segmented by their age, gender, nationality, religion, preference, etc.

Segmentation (2)

Segmentation of Cars			
Segment	Average persons living in a city	People living in a rural area	Rich people
What do they think of?	Economy (cost of oil)	Robustness (bad roads)	Good-looking Performance
Type of cars	Fuel-efficient car	Four-wheel-drive vehicle	Luxury car, Sports car
Ferrari	Not producing	Not producing	Producing
Rolls Royce	Not producing	Not producing	Producing
Toyota	Producing	Producing	Producing

Practice: segmentation of your customers

Name of your work:			
Types of your customer			
What do they think of?			
What do you offer to them? (products / services)			

Practice: segmentation of your customers

Name of your work: Airline company			
Types of your customer	Customers who buy tickets on the internet	Customers who buy tickets with travel agency	Customers who buy tickets with head office ...
What do they think of?	Easy to find Easy to buy Check-in and buy on the internet	How to find an adequate agency Compare the price	Can claim Make sure of refund
What do you offer to them? (products / services)	E-ticket (can be saved on the internet, get some service by e-mail)	Discount for the agency which can sell many ticket	Hospitality to service Provide some seat at a low fare / special seat for officers

Practice: segmentation of your customers

Name of your work: Tourism agency			
Types of your customer	Big group (more than 6 persons)	Small group (less than 5 persons)	Luxury customer (VIP)
What do they think of?	Big hotel Big bus Good guide In the town	Nice hotel Good van Excellent guide Food Out from the town	5 stars hotel Experienced guide Timing Quality of services
What do you offer to them? (products / services)	Big hotel and enough rooms 2 or 3 guides City tour only	Quite hotel Toyota Hilux? City tour and Nature tour Good guide Good food	Top nice hotel 10 years experience guide Activity + sightseeng

Stakeholders

- ▶ Stakeholders are people who have greater influence on your business
- ▶ Typical stakeholders
 - ▶ Customer
 - ▶ Competitor (rivals)
 - ▶ Collaborative companies (supplier, etc.)
 - ▶ Company (your company)
 - ▶ Owners
 - ▶ Managers
 - ▶ Employees

Example of stakeholder analysis:

Your company

Competition element	Issue	Impact / implications	Comments / actions
Customer			
Competitor			
Collaborative companies			
Owners			
Managers			
Employees			

Literature

1. Tony Curtis: Marketing for engineers, scientists and technologists, Wiley, 2008